

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Form C-107-B
Revised August 1, 2011

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Franklin Mountain Energy, LLC
OPERATOR ADDRESS: 44 Cook Street, Suite 1000, Denver, CO 80206
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☒ Fee ☒ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
WC-025 G-09 S253502B; LWR BONE SPRING (98185)	43.2° / 1234 BTU/CF	43.2° / 1234 BTU/CF		\$50/bbl oil \$0.00/MCF	450 BOPD 480 MCFD
WC-025 G-09 S253502D; UPR WOLFCAMP (98187)	43.2° / 1234 BTU/CF	43.2° / 1234 BTU/CF		\$50/bbl oil \$0.00/MCF	450 BOPD 480 MCFD

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.
(4) Measurement type: ☒ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☒ No
(3) Have all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

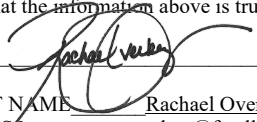
- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: Director Ops Planning & Regulatory DATE: 1/8/2021
TYPE OR PRINT NAME: Rachael Overbey TELEPHONE NO.: 303-570-4057
E-MAIL ADDRESS: roverbey@fmellc.com



January 8, 2021

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: C-107B Application for Surface Commingling (diverse ownership) for Franklin Mountain Energy, LLC

To Whom It May Concern:

Franklin Mountain Energy, LLC, OGRID No. 373910, requests to commingle future oil and gas production from 8 wells. Production would come from multiple leases (Fee, State AND Federal) and zones (pool numbers 98185 and 98187). All wells will go through individual three-phase separators and each stream (oil, gas, water) will be measured as it exits the three-phase separator. Oil will be measured at the three-phase separator with a Coriolis meter, Gas will be measured with an orifice meter, and water will be measured with a mag meter.

Commingling will happen after the three-phase separator. The gas stream will flow into an additional two-phase separator to remove any excess water then into a common line. Gas from the heater treater and the vapor recovery tower will also flow into the two-phase separator before being sent to our gas gathering pipeline system. The oil will flow into a common line after the three-phase separator, then into a heater treater and vapor recovery tower to remove any remaining water and gas in the oil stream. The oil will then flow into lined oil tanks to be either trucked off or piped into a crude gathering system. The water will be commingled after the three-phase separator into a common line then flow into a gun barrel before it is pumped into our water pipeline system. Oil and gas sales will be allocated against sales meter volumes. All meters will be calibrated according to manufacturer's recommendations.

Sincerely,



Rachael Overbey
Director Operations Planning and Regulatory
roverbey@fmcenergy.com
Main: 720-414-7868
Mobile: 303-570-4057

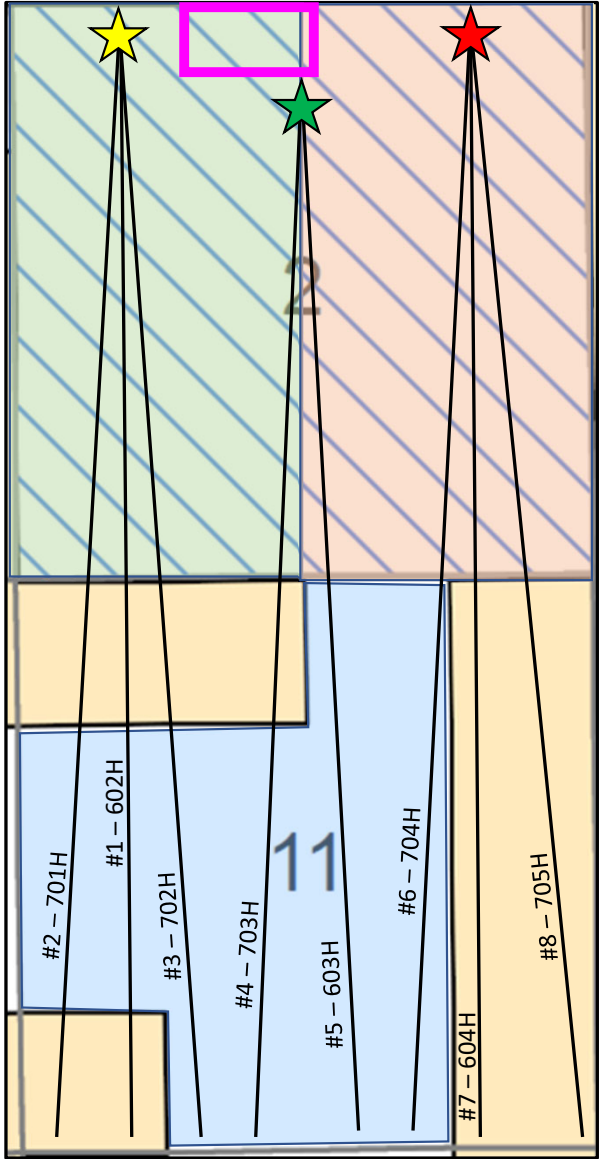
OWNERSHIP AND LOCATOR MAP

Released to Imaging: 4/16/2021 4:47:55 PM

Ownership and Locator Map

- ★ Carnival West Pad
- ★ Carnival Mid Pad
- ★ Carnival East Pad
- Carnival CTB
- VB-2121
- VB-2117
- Various Fee *See footnote below
- NM-101608

Plat No.	Well Names	Formation	Unit Description	Unit Acres	NMOCD Pooling Order
1	County Fair Fed Com 602H	Bone Spring	W2 Secs 2 & 11-T25S-R35E	641.78	R-21402
2	County Fair Fed Com 701H	Wolfcamp	W2W2 Secs 2 & 11-T25S-R35E	320.91	R-21404
3	Blue Ribbon Fed Com 702H	Wolfcamp	E2W2 Secs 2 & 11-T25S-R35E	320.87	R-21403
4	Blue Ribbon Fed Com 703H	Wolfcamp	E2W2 Secs 2 & 11-T25S-R35E	320.87	R-21403
5	Parade State Com 603H	Bone Spring	W2E2 Secs 2 & 11-T25S-R35E	320.85	R-21541
6	Parade State Com 704H	Wolfcamp	W2E2 Secs 2 & 11-T25S-R35E	320.85	R-21171
7	Beauty Queen Fed Com 604H	Bone Spring	E2 Secs 2 & 11-T25S-R35E	641.66	R-21170/R-21170-A
8	Beauty Queen Fed Com 705H	Wolfcamp	E2E2 Secs 2 & 11-T25S-R35E	320.81	R-21172/R-21172-A



* Lease schedule attached for additional detail on fee leases

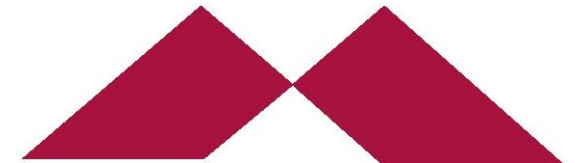
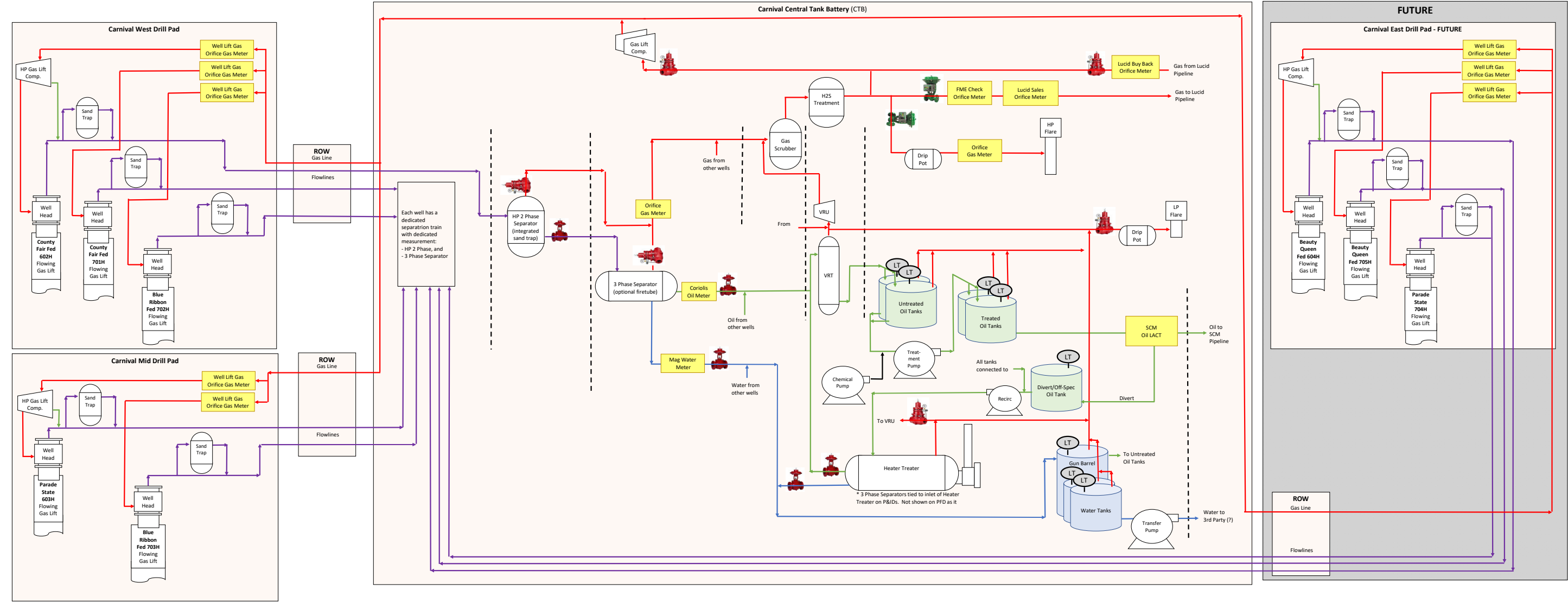
LEASE TYPE	ORIGINAL LESSOR	ORIGINAL LESSEE	LEASE DATE	WI OWNER	ROYALTY OWNER	BK/PG	TWN/RNG	SEC	TRACT
Fee	BEVERLY B BLAIR	OGX ACREAGE FUND, LP	5/1/2011	FRANKLIN MOUNTAIN ENERGY 2, LLC	BEVERLY B BLAIR	1726/957	T25S-R35E	11	N2SW4, S2NW4
Fee	J L BURKE III	OGX ACREAGE FUND, LP	5/1/2011	FRANKLIN MOUNTAIN ENERGY 2, LLC	J L BURKE III	1726/966	T25S-R35E	11	N2SW4, S2NW4
Fee	MARILYN BURKE SALTER	OGX ACREAGE FUND, LP	5/1/2011	FRANKLIN MOUNTAIN ENERGY 2, LLC	MARILYN BURKE SALTER	1726/963	T25S-R35E	11	N2SW4, S2NW4
Fee	NANCY I FARMER	OGX ACREAGE FUND, LP	5/1/2011	FRANKLIN MOUNTAIN ENERGY 2, LLC	NANCY I FARMER	1726/960	T25S-R35E	11	N2SW4, S2NW4
Fee	MARY H. BANKS	ROBERT E. LANDRETH	10/31/2011	FRANKLIN MOUNTAIN ENERGY 2, LLC	FRANKLIN MOUNTAIN ROYALTY INVESTMENTS, LLC ET AL	1753/327	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	KIMBERLY ANNE CAYLOR	ROBERT E. LANDRETH	3/13/2013	FRANKLIN MOUNTAIN ENERGY, LLC	KIMBERLY ANNE CAYLOR	1835/288	T25S-R35E	11	N2SW4, S2NW4
Fee	BRIAN DOUGLAS GREEN	BC OPERATING INC.	11/30/2015	FRANKLIN MOUNTAIN ENERGY 2, LLC	FRANKLIN MOUNTAIN ROYALTY INVESTMENTS, LLC ET AL	2002/960	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	DON M BARTLETT ET UX	BC OPERATING INC.	12/10/2015	FRANKLIN MOUNTAIN ENERGY 2, LLC	DON M BARTLETT ET UX	2002/957	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	ROBERT C BARTLETT	BC OPERATING INC.	12/10/2015	FRANKLIN MOUNTAIN ENERGY 2, LLC	PERMIAN DEVELOPMENT LLC	2002/953	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	JANIA F. CAKL	ROBERT E. LANDRETH	3/8/2016	FRANKLIN MOUNTAIN ENERGY 2, LLC	FOUNDATION MINERALS LLC ET AL	1993/486	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4, NW4SE4
Fee	SHARLI LAUREN FREDERIKSEN SCHAIBERGER	SANTO PETROLEUM LLM	10/5/2016	FRANKLIN MOUNTAIN ENERGY, LLC	SHARLI LAUREN FREDERIKSEN SCHAIBERGER	2074/310	T25S-R35E	11	N2SW4, S2NW4
Fee	THE ESTATE OF GERALDINE FORRESTER DUPREE, DECEASED, BY REBA MOFFITT EXECUTOR OF THE ESTATE	SAFEMARK COMPANIES, LLC	10/7/2016	FRANKLIN MOUNTAIN ENERGY 2, LLC	REBA MOFFITT ET AL	2068/902	T25S-R35E	11	N2SW4, S2NW4
Fee	LAURESE SMITH LIVING REVOCABLE TRUST, LILLIAN STEWART, TRUSTEE	SAFEMARK COMPANIES, LLC	1/27/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	LAURESE SMITH LIVING REVOCABLE TRUST, LILLIAN STEWART, TRUSTEE	2096/39	T25S-R35E	11	N2SW4, S2NW4
Fee	BARBARA E. MOODY	SAFEMARK COMPANIES, LLC	2/7/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	BARBARA E. MOODY	2090/119	T25S-R35E	11	N2SW4, S2NW4
Fee	JERRY W. SHAW	SAFEMARK COMPANIES, LLC	2/11/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	JERRY W. SHAW	2085/556	T25S-R35E	11	N2SW4, S2NW4
Fee	MICHAEL A. SHAW	SAFEMARK COMPANIES, LLC	2/11/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	MICHAEL A. SHAW	2085/554	T25S-R35E	11	N2SW4, S2NW4
Fee	RANDAL L. MOORE	SAFEMARK COMPANIES, LLC	2/11/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	RANDAL L. MOORE	2090/117	T25S-R35E	11	N2SW4, S2NW4
Fee	LAURA JEAN AMMAN	ONEENERGY PARTNERS OPERATING LLC	3/1/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	LAURA JEAN AMMAN	2092/752	T25S-R35E	11	N2SW4, S2NW4
Fee	CHARLES DAVID WEST, III	ONEENERGY PARTNERS OPERATING LLC	3/3/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	CHARLES DAVID WEST, III	2092/758	T25S-R35E	11	N2SW4, S2NW4
Fee	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST A-2	ONEENERGY PARTNERS OPERATING LLC	5/9/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST A-2	2109/928	T25S-R35E	11	W2NE4
Fee	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B	ONEENERGY PARTNERS OPERATING LLC	5/9/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B	2109/925	T25S-R35E	11	W2NE4
Fee	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B-GST	ONEENERGY PARTNERS OPERATING LLC	5/9/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B-GST	2109/922	T25S-R35E	11	W2NE4
Fee	WILLARD E. LEWIS, JR. SEPARATE PROPERTY TRUST UTA DATED JUNE 15, 2000	ONEENERGY PARTNERS OPERATING LLC	5/17/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	WILLARD E. LEWIS, JR. SEPARATE PROPERTY TRUST UTA DATED JUNE 15, 2000	2109/892	T25S-R35E	11	N2SW4, S2NW4
Fee	CARL CLINTON BRUCE, JR.	ONEENERGY PARTNERS OPERATING LLC	5/24/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	CARL CLINTON BRUCE, JR.	2109/913	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4, NW4SE4
Fee	CARRIE ALMEDIA BRANDON	ONEENERGY PARTNERS OPERATING LLC	5/24/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	CARRIE ALMEDIA BRANDON	2109/910	T25S-R35E	11	N2SW4, S2NW4
Fee	ELENA JO DAVIS	ONEENERGY PARTNERS OPERATING LLC	5/25/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	ELENA JO DAVIS ET AL	2109/899	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4, NW4SE4
Fee	PENNY M. NOBLE	ONEENERGY PARTNERS OPERATING LLC	5/26/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	PENNY M. NOBLE	2109/895	T25S-R35E	11	N2SW4, S2NW4
Fee	DANIEL H. BRUCE	ONEENERGY PARTNERS OPERATING LLC	6/1/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	DANIEL H. BRUCE	2109/907	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4, NW4SE4
Fee	JOHN L. AMMIRATI	ONEENERGY PARTNERS OPERATING LLC	6/1/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	JOHN L. AMMIRATI	2109/903	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4

Fee	SANDRA LEE BANKS	ONEENERGY PARTNERS OPERATING LLC	6/3/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	SANDRA LEE BANKS ET AL	2109/931	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4, NW4SE4
Fee	BEULAH H. SIMMONS TRUST, BANK OF AMERICA, N.A., TRUSTEE, AND J.E. SIMMONS TRUST, BANK OF AMERICA, N.A., TRUSTEE	ONEENERGY PARTNERS OPERATING LLC	6/8/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	BEULAH H. SIMMONS TRUST, BANK OF AMERICA, N.A., TRUSTEE, AND J.E. SIMMONS TRUST, BANK OF AMERICA, N.A., TRUSTEE	2110/849	T25S-R35E	11	W2NE4
Fee	MARY DARE ELLIS	ONEENERGY PARTNERS OPERATING LLC	6/8/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	SAXET III MINERALS, LLC	2117/104	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	GEORGE BOULTER RESLEY	ONEENERGY PARTNERS OPERATING LLC	6/13/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	SAXET III MINERALS, LLC	2116/409	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	JAMES TROY BOULTER	ONEENERGY PARTNERS OPERATING LLC	6/15/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	SANDIA MINERALS LLC	2117/107	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	UNIVERSITY OF THE SOUTHWEST	AMEREDEV NEW MEXICO, LLC	6/28/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	UNIVERSITY OF THE SOUTHWEST	2120/469	T25S-R35E	11	N2SW4, S2NW4
Fee	TEXAS TECH UNIVERSITY	AMEREDEV NEW MEXICO, LLC	7/5/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	TEXAS TECH UNIVERSITY	2121/922	T25S-R35E	11	N2SW4, S2NW4
Fee	JESSIE ELLEN BOULTER CRUM	ONEENERGY PARTNERS OPERATING LLC	7/11/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	SANDIA MINERALS LLC	2118/598	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	H-D MINERAL PROPERTIES	BLACKBEARD RESOURCES, LLC	10/4/2017	CHIEF CAPITAL (O&G) II, LLC	H-D MINERAL PROPERTIES	2123/872	T25S-R35E	11	N2SW4, S2NW4
Fee	ENCANTO MINERALS, LLC	ONEENERGY PARTNERS OPERATING LLC	11/3/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	FRANKLIN MOUNTAIN ROYALTY INVESTMENTS, LLC ET AL	2124/677	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	HEADWATERS MINERALS II, LP	ONEENERGY PARTNERS OPERATING LLC	11/7/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	FRANKLIN MOUNTAIN ROYALTY INVESTMENTS, LLC	2124/850	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	ROBERT E LANDRETH	ADVANCE ENERGY PARTNERS LLC	12/1/2017	FRANKLIN MOUNTAIN ENERGY, LLC	FRANKLIN MOUNTAIN ROYALTY INVESTMENTS, LLC	2128/590	T25S-R35E	11	N2SW4, S2NW4
Fee	CHARLIE SUMNER	JETSTREAM OIL & GAS PARTNERS LP	12/7/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	CHARLIE SUMNER	2130/698	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	JACQUELINE J. JONES	JETSTREAM OIL & GAS PARTNERS LP	12/7/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	JACQUELINE J. JONES	2130/695	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	JEFFREY SUMNER	JETSTREAM OIL & GAS PARTNERS LP	12/7/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	JEFFREY SUMNER	2130/696	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	KRYSTLE SUMNER MCENTIRE	JETSTREAM OIL & GAS PARTNERS LP	12/7/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	KRYSTLE SUMNER MCENTIRE	2130/697	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	SALLY RUNYAN	JETSTREAM OIL & GAS PARTNERS LP	12/7/2017	FRANKLIN MOUNTAIN ENERGY 2, LLC	SALLY RUNYAN	2130/699	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee	RICHARD WILSON	BLACKBEARD RESOURCES, LLC	2/2/2018	CHIEF CAPITAL (O&G) II, LLC	RICHARD WILSON	2134/781	T25S-R35E	11	N2SW4, S2NW4
Fee	PETRO-TIGER I, LTD	BLACKBEARD RESOURCES, LLC	3/6/2018	CHIEF CAPITAL (O&G) II, LLC	PETRO-TIGER I, LTD	2135/758	T25S-R35E	11	N2SW4, S2NW4
Fee	KATY JO LUNDY, PERSONAL REPRESENTATIVE OF THE ESTATE OF CHARLES W. HOBSON	BLACKBEARD RESOURCES, LLC	4/14/2018	CHIEF CAPITAL (O&G) II, LLC	RANCHITO AD4, LP ET AL	2134/774	T25S-R35E	11	N2SW4, S2NW4
Fee	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST A-2	ONEENERGY PARTNERS OPERATING LLC	5/29/2018	FRANKLIN MOUNTAIN ENERGY 2, LLC	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST A-2	2135/39	T25S-R35E	11	NW4SE4
Fee	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B	ONEENERGY PARTNERS OPERATING LLC	5/29/2018	FRANKLIN MOUNTAIN ENERGY 2, LLC	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B	2135/40	T25S-R35E	11	NW4SE4
Fee	HEADWATERS MINERALS II, LP	ONEENERGY PARTNERS OPERATING LLC	6/1/2018	FRANKLIN MOUNTAIN ENERGY 2, LLC	FRANKLIN MOUNTAIN ROYALTY INVESTMENTS, LLC	2137/128	T25S-R35E	11	N2SW4, S2NW4
Fee	KRYSTLE SUMNER MCENTIRE	ONEENERGY PARTNERS OPERATING LLC	6/8/2018	FRANKLIN MOUNTAIN ENERGY 2, LLC	KRYSTLE SUMNER MCENTIRE	2136/469	T25S-R35E	11	NW4SE4
Fee	CHARLIE SUMNER	ONEENERGY PARTNERS OPERATING LLC	6/15/2018	FRANKLIN MOUNTAIN ENERGY 2, LLC	CHARLIE SUMNER	2136/468	T25S-R35E	11	NW4SE4
Fee	JEFFREY SUMNER	ONEENERGY PARTNERS OPERATING LLC	7/7/2018	FRANKLIN MOUNTAIN ENERGY 2, LLC	JEFFREY SUMNER	2136/838	T25S-R35E	11	NW4SE4
Fee	SALLY RUNYAN	ONEENERGY PARTNERS OPERATING LLC	7/12/2018	FRANKLIN MOUNTAIN ENERGY 2, LLC	SALLY RUNYAN	2137/375	T25S-R35E	11	NW4SE4
Fee	JACQUELINE J. JONES	ONEENERGY PARTNERS OPERATING LLC	7/13/2018	FRANKLIN MOUNTAIN ENERGY 2, LLC	JACQUELINE J. JONES	2137/17	T25S-R35E	11	NW4SE4

Fee	ENCANTO MINERALS, LLC	ONEENERGY PARTNERS OPERATING LLC	8/1/2018	FRANKLIN MOUNTAIN ENERGY 2, LLC	FRANKLIN MOUNTAIN ROYALTY INVESTMENTS, LLC ET AL	2139/773	T25S-R35E	11	NW4SE4
Fee	CONTITUTION RESOURCES II, LP	WARWICK ARTEMIS LLC	2/20/2020	WARWICK ARTEMIS LLC	CONTITUTION RESOURCES II, LP	2163/27	T25S-R35E	11	N2SW4, S2NW4
Fee	MINERAL INTEREST TRUST	FRANKLIN MOUNTAIN ENERGY, LLC	4/1/2020	FRANKLIN MOUNTAIN ENERGY, LLC	MINERAL INTEREST TRUST	2165/520	T25S-R35E	11	N2SW4, S2NW4
Fee	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST A-2	FRANKLIN MOUNTAIN ENERGY, LLC	5/20/2020	FRANKLIN MOUNTAIN ENERGY 2, LLC	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST A-2	2167/741	T25S-R35E	11	SE4SW4, SW4SE4
Fee	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B	FRANKLIN MOUNTAIN ENERGY, LLC	5/20/2020	FRANKLIN MOUNTAIN ENERGY 2, LLC	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B	2167/742	T25S-R35E	11	SE4SW4, SW4SE4
Fee	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B-GST	FRANKLIN MOUNTAIN ENERGY, LLC	5/20/2020	FRANKLIN MOUNTAIN ENERGY 2, LLC	WESTERN COMMERCE BANK, AGENT FOR RITA D. SCHENCK, WILLIAM CARL SCHENCK AND KLEIN BANK, CO-TRUSTEES OF THE SCHENCK TRUST B-GST	2109/922	T25S-R35E	11	SE4SW4, SW4SE4
Fee	BEULAH H. SIMMONS TRUST, BANK OF AMERICA, N.A., TRUSTEE, AND J.E. SIMMONS TRUST, BANK OF AMERICA, N.A., TRUSTEE	FRANKLIN MOUNTAIN ENERGY, LLC	7/8/2020	FRANKLIN MOUNTAIN ENERGY, LLC	BEULAH H. SIMMONS TRUST, BANK OF AMERICA, N.A., TRUSTEE, AND J.E. SIMMONS TRUST, BANK OF AMERICA, N.A., TRUSTEE	2171/158	T25S-R35E	11	SE4SW4, SW4SE4
Fee	SANDI MILLER	FRANKLIN MOUNTAIN ENERGY, LLC	7/21/2020	FRANKLIN MOUNTAIN ENERGY, LLC	SANDI MILLER	2169/960	T25S-R35E	11	N2SW4, S2NW4
Fee	MILLER FAMILY MINERAL INTEREST LLC	FRANKLIN MOUNTAIN ENERGY, LLC	7/23/2020	FRANKLIN MOUNTAIN ENERGY, LLC	MILLER FAMILY MINERAL INTEREST LLC	2169/959	T25S-R35E	11	N2SW4, S2NW4
Fee	SCOT C. MILLER	FRANKLIN MOUNTAIN ENERGY, LLC	8/1/2020	FRANKLIN MOUNTAIN ENERGY, LLC	SCOT C. MILLER	2169/961	T25S-R35E	11	N2SW4, S2NW4
Fee	TUNDRA AD3, LP	FRANKLIN MOUNTAIN ENERGY, LLC	8/1/2020	FRANKLIN MOUNTAIN ENERGY, LLC	TUNDRA AD3, LP	2172/115	T25S-R35E	11	N2SW4, S2NW4
Fee	GREGORY D. HARKINS	FRANKLIN MOUNTAIN ENERGY, LLC	8/5/2020	FRANKLIN MOUNTAIN ENERGY, LLC	GREGORY D. HARKINS	2169/958	T25S-R35E	11	N2SW4, S2NW4
Fee	DEBRA L. DUPRAY	FRANKLIN MOUNTAIN ENERGY, LLC	8/8/2020	FRANKLIN MOUNTAIN ENERGY, LLC	DEBRA L. DUPRAY	2169/962	T25S-R35E	11	N2SW4, S2NW4
Fee	RONALD J. BYERS COMPANY LLC	FRANKLIN MOUNTAIN ENERGY, LLC	8/31/2020	FRANKLIN MOUNTAIN ENERGY, LLC	RONALD J. BYERS COMPANY LLC	2174/445	T25S-R35E	11	N2SW4, S2NW4
Fee	SANDIA MINERALS, LLC	FRANKLIN MOUNTAIN ENERGY, LLC	9/14/2020	FRANKLIN MOUNTAIN ENERGY, LLC	SANDIA MINERALS, LLC	2171/505	T25S-R35E	11	W2NE4, SW4SE4, SE4SW4, S2NW4, N2SW4
Fee	FRANKLIN MOUNTAIN ROYALTY INVESTMENTS, LLC	FRANKLIN MOUNTAIN ENERGY, LLC	9/17/2020	FRANKLIN MOUNTAIN ENERGY, LLC	FRANKLIN MOUNTAIN ROYALTY INVESTMENTS, LLC	2171/506	T25S-R35E	11	NW4SE4
Fee	THE SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY	FRANKLIN MOUNTAIN ENERGY, LLC	10/19/2020	FRANKLIN MOUNTAIN ENERGY, LLC	THE SOUTHWESTERN BAPTIST THEOLOGICAL SEMINARY	2172/283	T25S-R35E	11	N2SW4, S2NW4
Fee	OAK VALLEY MINERAL & LAND LP, FOUNDATION MINERALS, LLC AND MAVROS MINERLAS, LLC	FRANKLIN MOUNTAIN ENERGY, LLC	10/23/2020	FRANKLIN MOUNTAIN ENERGY, LLC	FOUNDATION MINERALS LLC ET AL	2172/986	T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	LISTA CATHERINE AMMIRATI MCDONALD		UNLEASED		LISA CATHERINE AMMIRATI MCDONALD		T25S-R35E	11	W2NE4, SW4SE4, SE4SW4
Fee (Unleased)	THE HEIRS OR DEVISEES OF DOCK C COATES, DECEASED AND ELLEN COATES, DECEASED		UNLEASED		THE HEIRS OR DEVISEES OF DOCK C COATES, DECEASED AND ELLEN COATES, DECEASED		T25S-R35E	11	NW4SE4
Fee (Unleased)	JEAN RICHELIEU FAETH		UNLEASED		JEAN RICHELIEU FAETH		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	WEST TEXAS A&M UNIVERSITY		UNLEASED		WEST TEXAS A&M UNIVERSITY		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	OHIO STATE UNIVERSITY		UNLEASED		OHIO STATE UNIVERSITY		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	CHARLYNE HOBSON WARD		UNLEASED		CHARLYNE HOBSON WARD		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	KATY JO LUNDY		UNLEASED		KATY JO LUNDY		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	JANE SIMS CRANTON		UNLEASED		JANE SIMS CRANTON		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	JACK SIMS		UNLEASED		JACK SIMS		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	HEIRS OR DEVISEES OF DAN SPRINKLE JR.		UNLEASED		HEIRS OR DEVISEES OF DAN SPRINKLE JR.		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	HUGH BLANTON WISHART		UNLEASED		HUGH BLANTON WISHART		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	LONNIE H DILLARD JR.		UNLEASED		LONNIE H DILLARD JR.		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	AARON DILLARD		UNLEASED		AARON DILLARD		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	CHAD DILLARD		UNLEASED		CHAD DILLARD		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	HEIRS OR DEVISEES OF MAX SIMS, DECEASED		UNLEASED		HEIRS OR DEVISEES OF MAX SIMS, DECEASED		T25S-R35E	11	N2SW4, S2NW4

Fee (Unleased)	HEIRS OR DEVISEES OF MILDRED GUINN ANDERSON, DECEASED; GERTRUDE ANN HARTUNG ELLISON, AS HER SEPARATE PROPERTY; ROBERT E. LANDRETH; ROGER C. HARTUNG, AS HIS SEPARATE PROPERTY; RICHARD MALCOLM GRAYSON, AS HIS SEPARATE PROPERTY; ROBERT GAIL GRAYSON, AS HIS SEPARATE PROPERTY; MARGARET COLLIER, AS HER SEPARATE PROPERTY; AND ROBERT GORDON COLLIER, AS HIS SEPARATE PROPERTY		UNLEASED		HEIRS OR DEVISEES OF MILDRED GUINN ANDERSON, DECEASED; GERTRUDE ANN HARTUNG ELLISON, AS HER SEPARATE PROPERTY; ROBERT E. LANDRETH; ROGER C. HARTUNG, AS HIS SEPARATE PROPERTY; RICHARD MALCOLM GRAYSON, AS HIS SEPARATE PROPERTY; ROBERT GAIL GRAYSON, AS HIS SEPARATE PROPERTY; MARGARET COLLIER, AS HER SEPARATE PROPERTY; AND ROBERT GORDON COLLIER, AS HIS SEPARATE PROPERTY		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	HEIRS OR DEVISEES OF UTA JANE FINDLEY, DECEASED		UNLEASED		HEIRS OR DEVISEES OF UTA JANE FINDLEY, DECEASED		T25S-R35E	11	N2SW4, S2NW4
Fee (Unleased)	COERT HOLDINGS 1, LLC		UNLEASED		COERT HOLDINGS 1, LLC		T25S-R35E	11	N2SW4, S2NW4

Carnival CTB
Dec 2020



FRANKLIN MOUNTAIN ENERGY LLC

CARNIVAL CTB
LOTS 2 & 3, SECTION 2, T25S, R35E, N.M.P.M.
LEA COUNTY, NEW MEXICO

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA


I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
March 17, 2021
and ending with the issue dated
March 17, 2021.



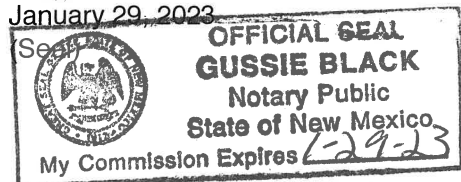
Publisher

Sworn and subscribed to before me this
17th day of March 2021.



Business Manager

My commission expires
January 29, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL	LEGAL
LEGAL NOTICE March 17, 2021	
<p>Application of Franklin Mountain Energy, LLC for approval of surface commingling, Lea County, New Mexico. Notice to all affected parties, as well as the heirs and devisees of: Cayuga Royalties, LLC; Chad Dillard, as his separate property; Coert Holdings 1 LLC; Constitution Resources II, LP; Heirs or Devisees of Dock C. Coates and/or Alice Coates Miller; Heirs or Devisees of Dock C. Coates, deceased; Heirs or devisees of Mary Helen Sims Sprinkles, deceased; Katy Jo Hobson Lundy, as her separate property; Lonnie H. Dillard, Jr., as his separate property; Oak Valley Minerals and Land, L.P.; Safemark Companies, LLC; Heirs or Devisees of Uta Jane Findley; United States of America, BLM of Franklin Mountain Energy, LLC's application for surface commingling. Franklin Mountain Energy, LLC, 44 Cook Street, Suite 1000, Denver, Colorado, 80206, has filed an application with the New Mexico Oil Conservation Division seeking administrative approval to surface lease commingle production according to the provisions of NMAC 19.15.12.10.C from the County Fair Fed Com 602H well, Parade State Com 603H well, and the Beauty Queen Fed Com 604H well, all located in the WC-025 G-09 S253502B-LWR Bone Spring pool (98185), with the County Fair Fed Com 701H well, the Blue Ribbon Fed Com 702H well, the Blue Ribbon Fed Com 703H well, the Parade State 704H well, and the Beauty Queen 705H well, all located in the WC-025 G-09 S253502D UPR Wolfcamp pool (98187), all located in Sections 2 & 11, T25S-R35E, Lea County, New Mexico. Any objection or requests for a hearing regarding this application must be submitted to the Division's Santa Fe office, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505 in writing within 20 days of this publication. Any interested party with questions or comments may contact Rachel Overbey, 303-570-4057, roverbey@fmellc.com.</p> <p>#36302</p>	

01104570

00252166

DOLORES SERNA
MODRALL, SPERLING, ROEHL, HARRIS &
P. O. BOX 2168
ALBUQUERQUE, NM 87103-2168



January 8, 2021

SENT VIA CERTIFIED MAIL

RE: Notice of C-107B Application
Surface Commingling (diverse ownership) for Franklin Mountain Energy, LLC

Dear Sir/Madam:

For notice purposes, enclosed please find Franklin Mountain Energy, LLC's application filed with the New Mexico Oil Conservation Division ("NMOCD") to commingle production from the following wells in which you may own an interest in the production:

Well Name: COUNTY FAIR FED COM 602H
Pool: WC-025 G-09 S253502B; LWR BONE SPRING (98185)
API: 30-025-47492
Location: SHL: D- Section 2-25S-35E, BHL: M-Section 11-25S-35E

Well Name: COUNTY FAIR FED COM 701H
Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (98187)
API: 30-025-47493
Location: SHL: D- Section 2-25S-35E, BHL: M-Section 11-25S-35E

Well Name: BLUE RIBBON FED COM 702H
Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (98187)
API: 30-025-47662
Location: SHL: C- Section 2-25S-35E, BHL: N-Section 11-25S-35E

Well Name: BLUE RIBBON FED COM 703H
Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (98187)
API: 30-025-47663
Location: SHL: C- Section 2-25S-35E, BHL: N-Section 11-25S-35E

Well Name: PARADE STATE COM 603H
Pool: WC-025 G-09 S253502B; LWR BONE SPRING (98185)
API: 30-025-46505
Location: SHL: B- Section 2-25S-35E, BHL: O-Section 11-25S-35E

Well Name: PARADE STATE COM 704H
Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (98187)
API: 30-025-46506
Location: SHL: B- Section 2-25S-35E, BHL: O-Section 11-25S-35E

Well Name: BEAUTY QUEEN FED COM 604H
Pool: WC-025 G-09 S253502B; LWR BONE SPRING (98185)
API: 30-025-47889
Location: SHL: A- Section 2-25S-35E, BHL: P-Section 11-25S-35E



Well Name: BEAUTY QUEEN FED COM 705H
Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (98187)
API: 30-025-47890
Location: SHL: A- Section 2-25S-35E, BHL: P-Section 11-25S-35E

Franklin Mountain Energy, LLC's specific plans under this application are as follows:

All wells will go through individual three-phase separators and each stream (oil, gas and water) will be measured as it exits the three-phase separator. Oil will be measured at the three-phase separator with a Coriolis meter, Gas will be measured with an orifice meter, and water will be measured with a mag meter.

Commingling will happen after the three-phase separator. The gas stream will flow into an additional two-phase separator to remove any excess water then into a common line. Gas from the heater treater and the vapor recovery tower will also flow into the two-phase separator before being sent to our gas gathering pipeline system. The oil will flow into a common line after the three-phase separator, then into a heater treater and vapor recovery tower to remove any remaining water and gas in the oil stream. The oil will then flow into lined oil tanks to be either trucked off or piped into a crude gathering system. The water will be commingled after the three-phase separator into a common line then flow into a gun barrel before it is pumped into our water pipeline system. Oil and gas sales will be allocated against sales meter volumes. All meters will be calibrated according to manufacturer's recommendations.

Pursuant to Rule 19.15.12.10(C)(4)(c), any objection or requests for a hearing regarding this application must be submitted to the NMOCD Santa Fe office in writing within 20 days from the date the OCD received the application. The NMOCD will receive our application in its entirety by January 8, 2020.

Pursuant to Rule 19.15.12.10(C)(4)(g) NMAC, Franklin also requests the option to include additional pools and/or leases within defined parameters set forth in the order for future additions.

Should you have any questions, please contact the undersigned at the contact information provided below.

Respectfully,

Franklin Mountain Energy, LLC

Shelly Albrecht
Director of Land
salbrecht@fmlle.com
Main: (720) 414-7855
Mobile: (720) 630-0544

Enclosures

Name	Address	Certified Mail Tracking Number
BC Operating, Inc.	4000 N. Big Spring, Suite 310, Midland, TX 79705	9414 7116 9900 0115 8579 14
Cayuga Royalties, LLC	P.O. Box 540711, Houston, TX 77254	9414 7116 9900 0115 8853 44
Chad Dillard, as his separate property	6037 71st St., Lubbock, TX 79424	9414 7116 9900 0115 8069 05
Chief Capital (O&G) II, LLC	8111 Westchester, Suite 900, Dallas, TX 75225	9414 7116 9900 0115 3335 48
Coert Holdings 1 LLC	20 Horseneck Lane, Greenwich, CT 06830	9414 7116 9900 0115 3375 91
COG Operating LLC	600 W. Illinois Ave., Midland, TX 79701	9414 7116 9900 0115 3190 23
Constitution Resources II, LP	5707 Southwest Parkway, Building 1, Suite 275, Austin, TX 78735	9414 7116 9900 0115 3189 72
CrownRock Minerals, L.P.	P.O. Box 51933, Midland, TX 79710	9414 7116 9900 0115 3430 35
Foundation Minerals, LLC	P.O. Box 50820, Midland, TX 79710	9414 7116 9900 0115 3483 82
Heirs or devisees of Dock C. Coates c/o Heirs or devisees of Oscar Sherman Coates	2201 W Madison St., Phoenix, AZ 85009	9414 7116 9900 0115 2205 65
Heirs or devisees of Dock C. Coates and/or Alice Coates Miller c/o Heirs or devisees of Dorothy Josephine Miller	185 Beverly Dr., Banning, CA 92220 12618 3rd St #25, Yucaipa, CA 92399	9414 7116 9900 0115 2269 32 9414 7116 9900 0115 2599 16
Heirs or devisees of Dock C. Coates and/or Alice Coates Miller c/o Heirs or devisees of Gilbert Dean Miller	780 Lee Ave, Overton, NV 89040	9414 7116 9900 0115 2558 88
Heirs or devisees of Dock C. Coates and/or Alice Coates Miller c/o Heirs or devisees of Patricia Colleen Thomasson	5160 Carfax Ave, Lakewood, CA 90713	9414 7116 9900 0115 2502 41
Heirs or devisees of Dock C. Coates and/or Alice Coates Miller c/o Heirs or devisees of Claude Cecil Thomasson, Jr.	5121 N Huffman Rd, Kingman, AZ 86409	9414 7116 9900 0115 2585 99
Heirs or devisees of Dock C. Coates and/or Alice Coates Miller c/o Heirs or devisees of Walter R. Miller	11th Ave Rt 6 BX 1386C, Phoenix, AZ 85007	9414 7116 9900 0115 2965 95
Heirs or devisees of Dock C. Coates, deceased c/o Heirs or devisees of D.B. Coates	P.O. Box 1443, Lakeside, UT 85929	9414 7116 9900 0115 2641 49
Heirs or devisees of Dock C. Coates, deceased c/o Heirs or devisees of James Ronald Stanley	3608 North County Road 1130, Midland, TX 79705	9414 7116 9900 0115 2628 48
Heirs or devisees of Dock C. Coates, deceased c/o Heirs or devisees of Kimberly Franzoy Becker	3147 Adobe Dam Rd., Phoenix, AZ 85027	9414 7116 9900 0115 2682 91
Heirs or devisees of Dock C. Coates, deceased c/o Heirs or devisees of Mary O. Coates	3719 S. Eunice Hwy, Hobbs, NM 88240	9414 7116 9900 0115 2676 69
Heirs or devisees of Dock C. Coates, deceased c/o Heirs or devisees of Sharon Lyde Miller	PO Box 666, Overton, NV 89040 780 E. Lee Ave., Overton, NV 89040	9414 7116 9900 0115 2665 70 9414 7116 9900 0115 2896 92
Heirs or devisees of Dock C. Coates, deceased c/o Heirs or devisees of Timothy G. Coates	PO Box 23, Red Rock, NM 88055	9414 7116 9900 0115 2833 31
Heirs or devisees of Margaret Collier, deceased c/o Heirs or devisees of Amy Collier Crow	300 East Barron Ave., Everman, TX 76140	9414 7116 9900 0115 3791 64
Heirs or devisees of Mary Helen Sims Sprinkles, deceased Dan Sprinkle Jr.	c/o Mrs. LaVora M. Sprinkle 1900 Lauderdale Dr., Henrico, VA 23238	9414 7116 9900 0115 3952 32
Heirs or devisees of Max Sims, deceased c/o Heirs or devisees of William Sims	c/o William Sims 5705 El Campo Ave., Ft. Worth, TX 76107	9414 7116 9900 0115 3963 07
Heirs or devisees of Mildred Guinn Anderson, deceased c/o Roger Keith Hartung c/o Jeri Hartung	Roger: 210 Cedar Rock Ct., Mansfield, TX 76063 Jeri: 711 VZ County Road 3604, Edgewood, TX 75117	9414 7116 9900 0115 3259 56 9414 7116 9900 0115 3218 97
Hugh Blanton Wishart	7315 Gene NE, Albuquerque, NM 87109	9414 7116 9900 0115 3504 84
Heirs or devisees of Jack Sims, deceased c/o James Paul Sims	318 Arthur Dr., Kennedale, TX 76060	9414 7116 9900 0115 3694 79
Jean Richelieu Faeth, as her separate property c/o Jennie Nolasco	4237 White River Court, Redding, CA 96003	9414 7116 9900 0115 3604 90
Katy Jo Hobson Lundy, as her separate property	P.O. Box 364, Edgewood, NM 87015 29 Los Llanos, Edgewood, NM 87915	9414 7116 9900 0115 3611 38 9414 7116 9900 0115 3859 05
Lista Catherine Ammirati McDonald	3950 E. Midas Ave., Rocklin, CA 95677	9414 7116 9900 0115 3868 41
Lonnie H. Dillard, Jr., as his separate property	1111 W 6th Street, Apt. 461, Austin, TX 78703	9414 7116 9900 0115 3038 55
Mavros Minerals II, L.P.	P.O. Box 50820, Midland, TX 79710	9414 7116 9900 0115 3025 75
Monticello Minerals, LLC	5528 Vickery Blvd., Dallas, TX 75206	9414 7116 9900 0115 3074 64
Oak Valley Minerals and Land, L.P.	P.O. Box 50820, Midland, TX 79710	9414 7116 9900 0115 3015 47
OGX Royalty Fund, LP	P.O. Box 2064, Midland, TX 79702 400 N. Marienfeld St. Ste 200, Midland, TX 79701	9414 7116 9900 0115 2341 11 9414 7116 9900 0115 2321 86
Ohio State University	2070 Blankenship Hall, 901 Woody Hayes Drive, Columbus, OH 43210 281 W. Lane Ave., Columbus, OH 43210	9414 7116 9900 0115 2367 71 9414 7116 9900 0115 2137 27
Prevail Energy, LLC	521 Dexter St., Denver, CO 80220	9414 7116 9900 0115 2108 18
Rheiner Holdings, LLC	P.O. Box 980552, Houston, TX 77098	9414 7116 9900 0115 2172 06
Safemark Companies, LLC	802 Lake Creek Dr., McKinney, TX 75070	9414 7116 9900 0115 2110 06
Santo Royalty Company LLC	P.O. Box 1020, Artesia, NM 88211-1020 350 N. St. Paul St. Ste 2900, Dallas, TX 75206	9414 7116 9900 0115 2424 44 9414 7116 9900 0115 2468 17
State of New Mexico, SLO	310 Old Santa Fe Trail, Santa Fe, NM 87501	9414 7116 9900 0115 2792 35
Heirs or devisees of Uta Jane Findley c/o Heirs or devisees of Elizabeth A Findley	1916 14th S St., Saint Cloud, MN 56301 6520 Lost Horizon Dr., Austin, TX 78759 380 S County Road 4837, Winnsboro, TX 75494	9414 7116 9900 0115 2985 64 9414 7116 9900 0115 2960 10 9414 7116 9900 0115 2299 95
Heirs or devisees of Uta Jane Findley c/o Heirs or devisees of Elizabeth Crocket	1130 W Louisa Ave., Iowa Park, TX 76367	9414 7116 9900 0115 2242 73
Heirs or devisees of Uta Jane Findley c/o Heirs or devisees of Thomas Clay Findley	P.O. Box 1170, Munford, TN 38058	9414 7116 9900 0115 2229 41
United States of America, BLM	301 Dinosaur Trail, Santa Fe, NM 87508	9414 7116 9900 0115 2744 76
Warwick-Artemis, LLC	6608 N. Western Ave., Box 417, Oklahoma City, OK 73117	9414 7116 9900 0115 2788 87
West Texas A&M University	Old Main, Room 104 c/o Business Office of Accounting, Canyon, TX 79016 2501 4th Avenue Canyon, TX 79016 Moore/Connally Building, 6th Floor, 301 Tarrow Street, College Station, TX 77840	9414 7116 9900 0115 2718 02 9414 7116 9900 0115 2931 87 9414 7116 9900 0115 2927 08

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
	98185	WC-025 G-09 S253502B;LWR BONE SPRING
⁴ Property Code	⁵ Property Name	⁶ Well Number
	COUNTY FAIR FED COM	602H
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
373910	FRANKLIN MOUNTAIN ENERGY LLC	3248.1

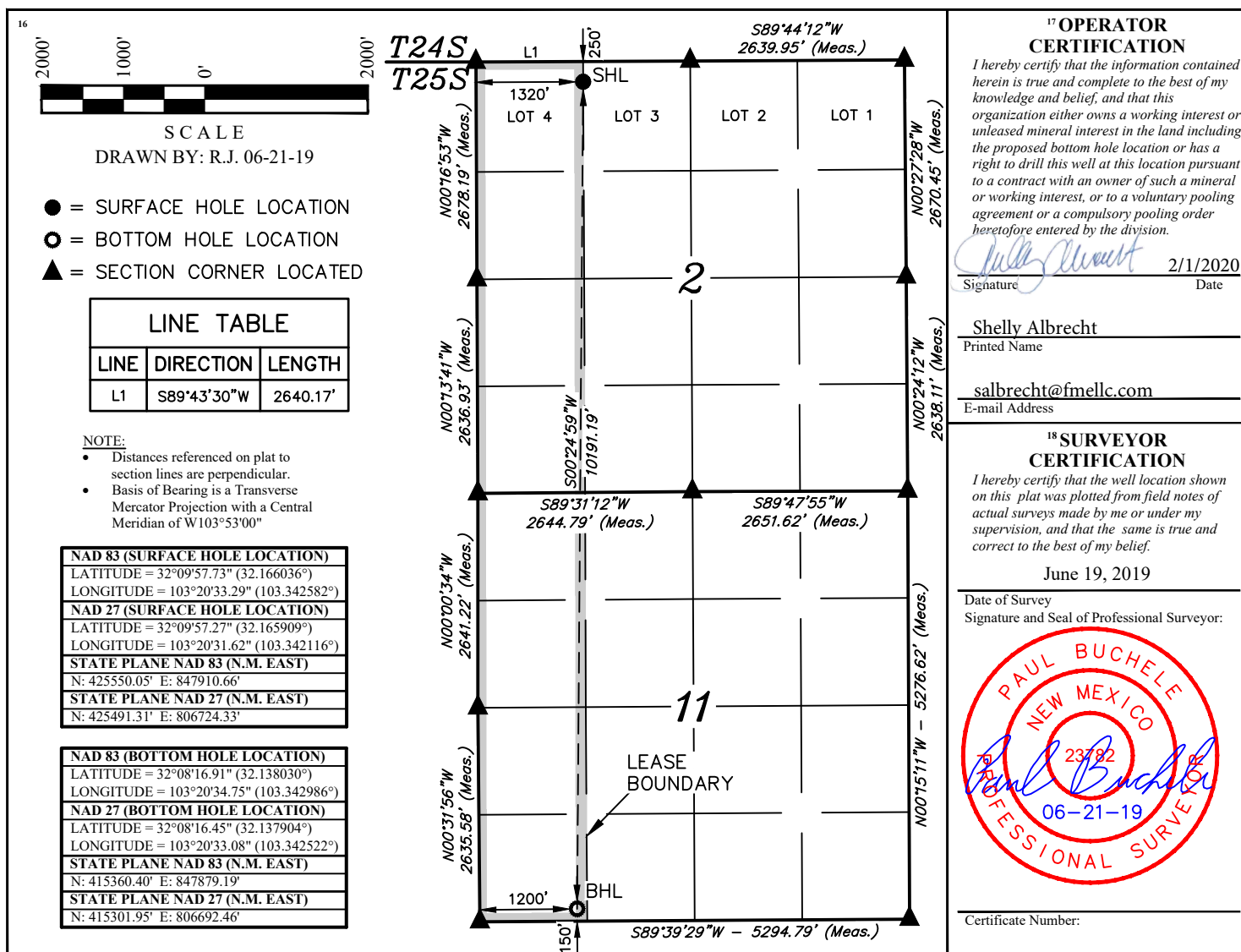
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	2	25S	35E		250	NORTH	1320	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	25S	35E		150	SOUTH	1200	WEST	LEA
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						
320.91									

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



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Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
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District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
	98187	WC025 G09 S253502D;UPR WOLFCAMP
⁴ Property Code	⁵ Property Name	⁶ Well Number
	COUNTY FAIR FED COM	701H
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
373910	FRANKLIN MOUNTAIN ENERGY LLC	3249.1

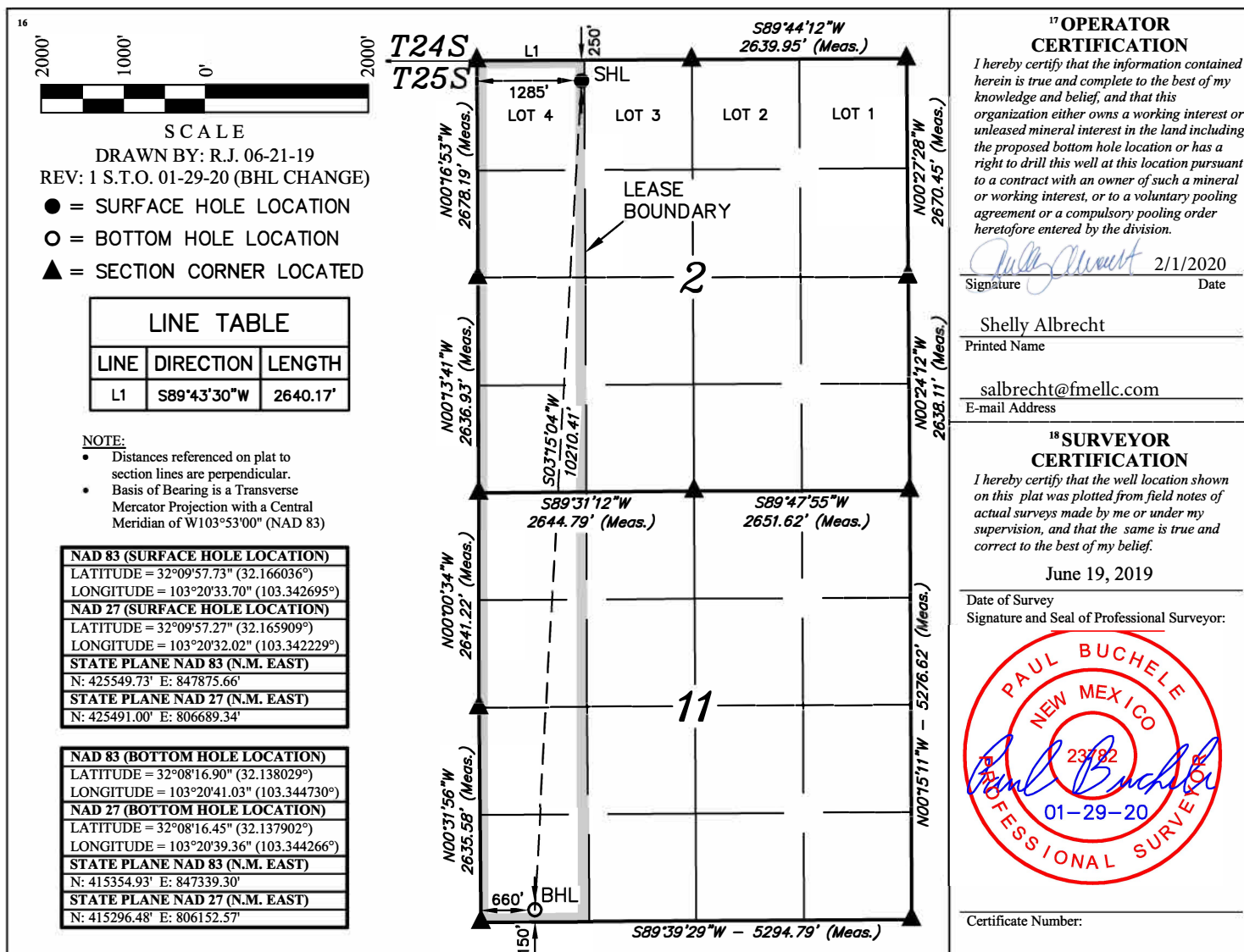
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	2	25S	35E		250	NORTH	1285	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	25S	35E		150	SOUTH	660	WEST	LEA
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						
320.91									

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District I
1625 N. French Dr., Hobbs, NM 88240
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
	98187	WC025 G09 S253502D;UPR WOLFCAMP
⁴ Property Code	⁵ Property Name	⁶ Well Number
	BLUE RIBBON FED COM	702H
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
373910	FRANKLIN MOUNTAIN ENERGY LLC	3246.4

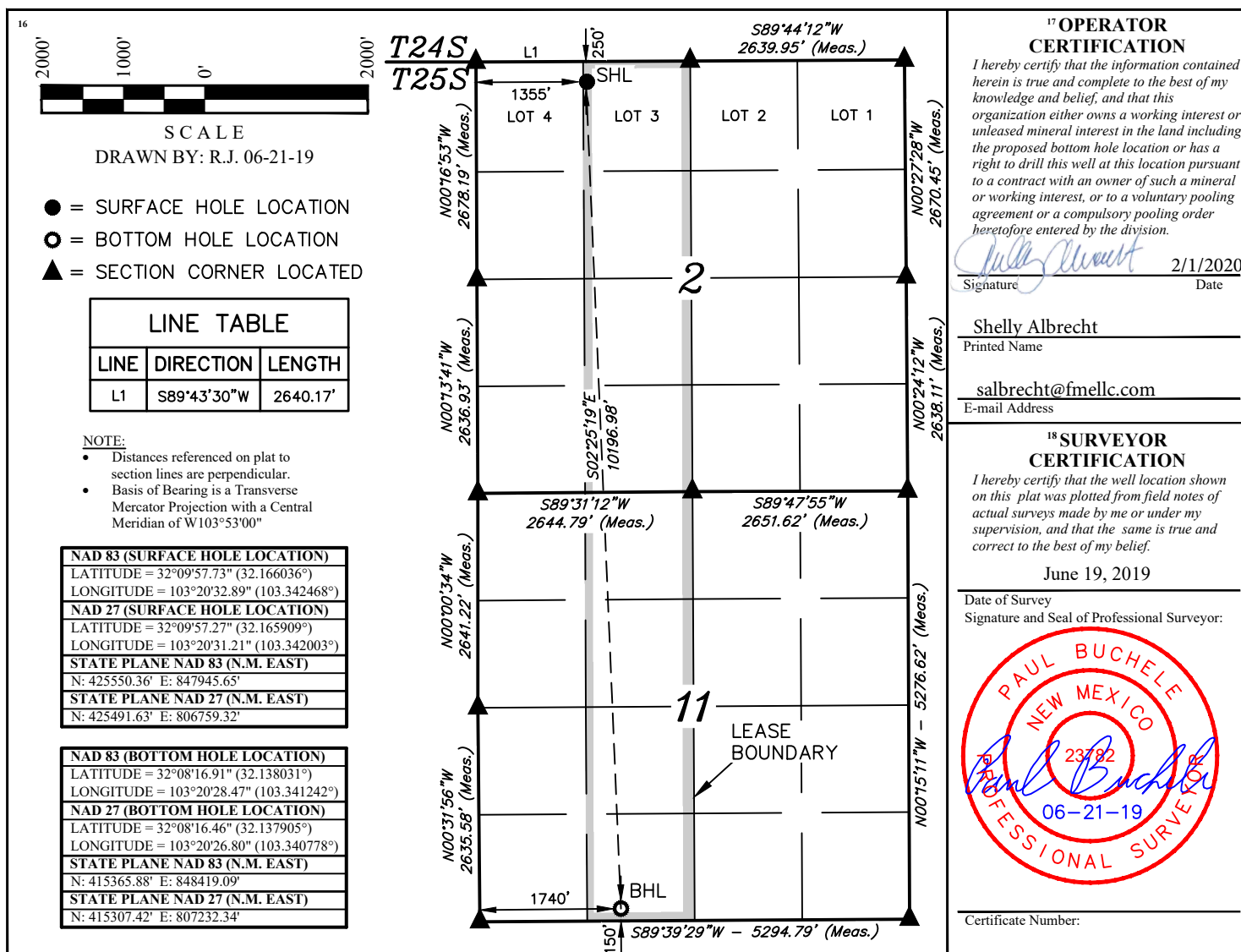
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 3	2	25S	35E		250	NORTH	1355	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	11	25S	35E		150	SOUTH	1740	WEST	LEA
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						
320.87									

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
	98187	WC-025 G-09 S253502D;UPR WOLFCAMP
⁴ Property Code	⁵ Property Name	⁶ Well Number
	BLUE RIBBON FED COM	703H
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
373910	FRANKLIN MOUNTAIN ENERGY LLC	3245.2'

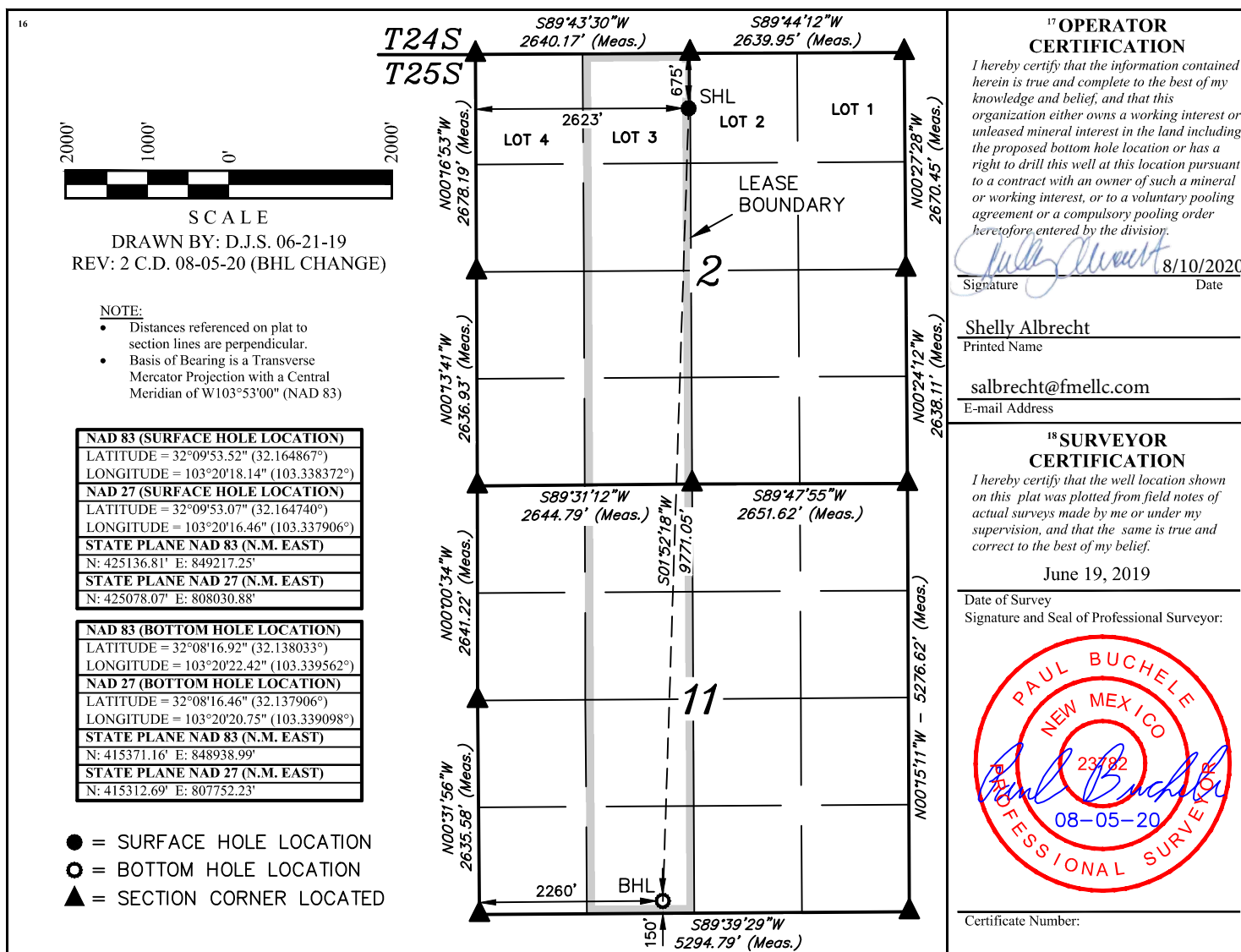
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	2	25S	35E		675	NORTH	2623	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	11	25S	35E		150	SOUTH	2260	WEST	LEA
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						
320.87									

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 98185	³ Pool Name WC-025 G-09 S253502B;LWR BONE SPRING
⁴ Property Code	⁵ Property Name PARADE STATE COM	⁶ Well Number 603H
⁷ OGRID No. 373910	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY LLC	⁹ Elevation 3244.0'

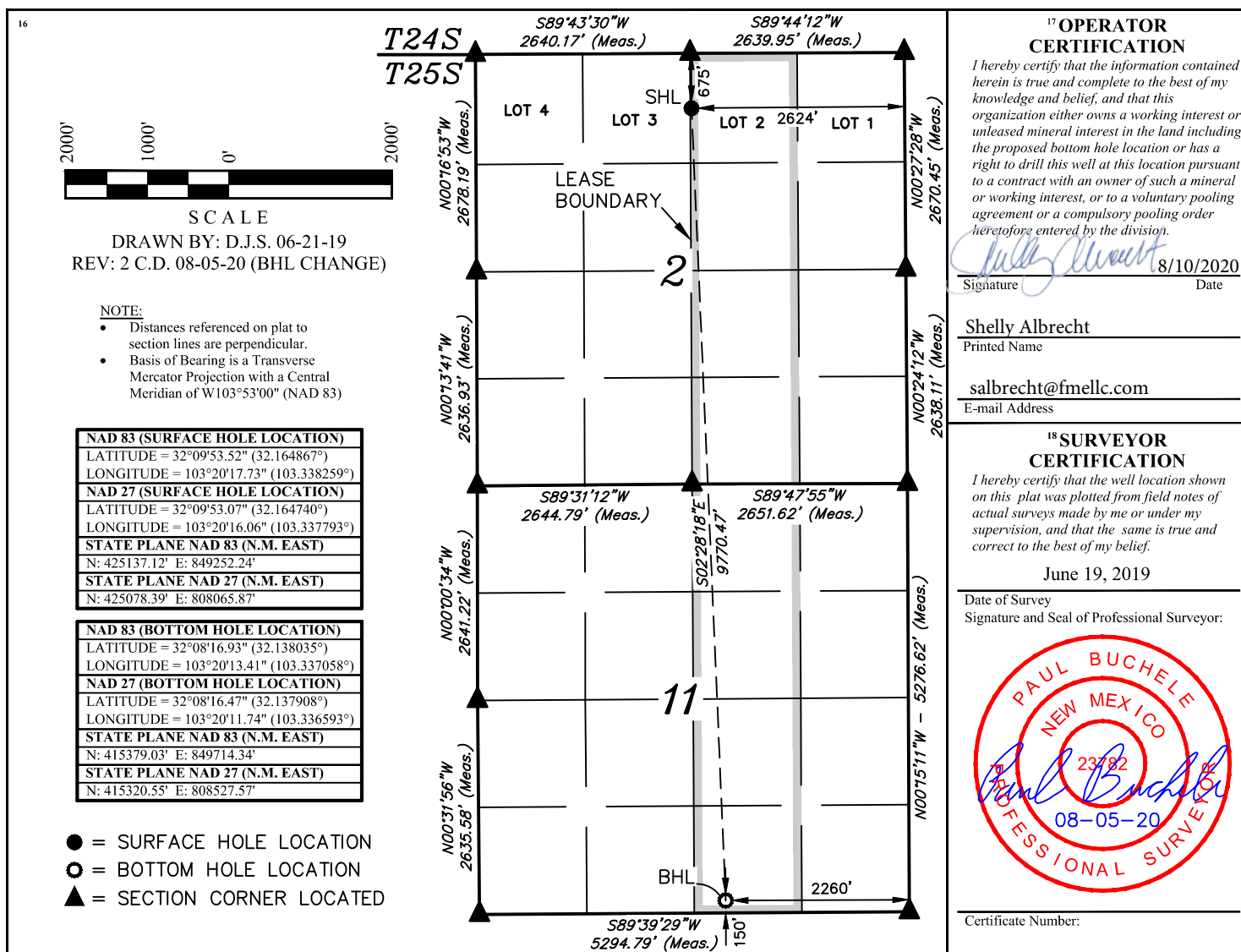
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	2	25S	35E		675	NORTH	2624	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	11	25S	35E		150	SOUTH	2260	EAST	LEA
¹² Dedicated Acres 320.85	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code WC-98187	³ Pool Name WC025 G09 S253502D;UPR WOLFCAMP
⁴ Property Code	⁵ Property Name PARADE STATE COM	⁶ Well Number 704H
⁷ OGRID No. 373910	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY LLC	⁹ Elevation 3258.6'

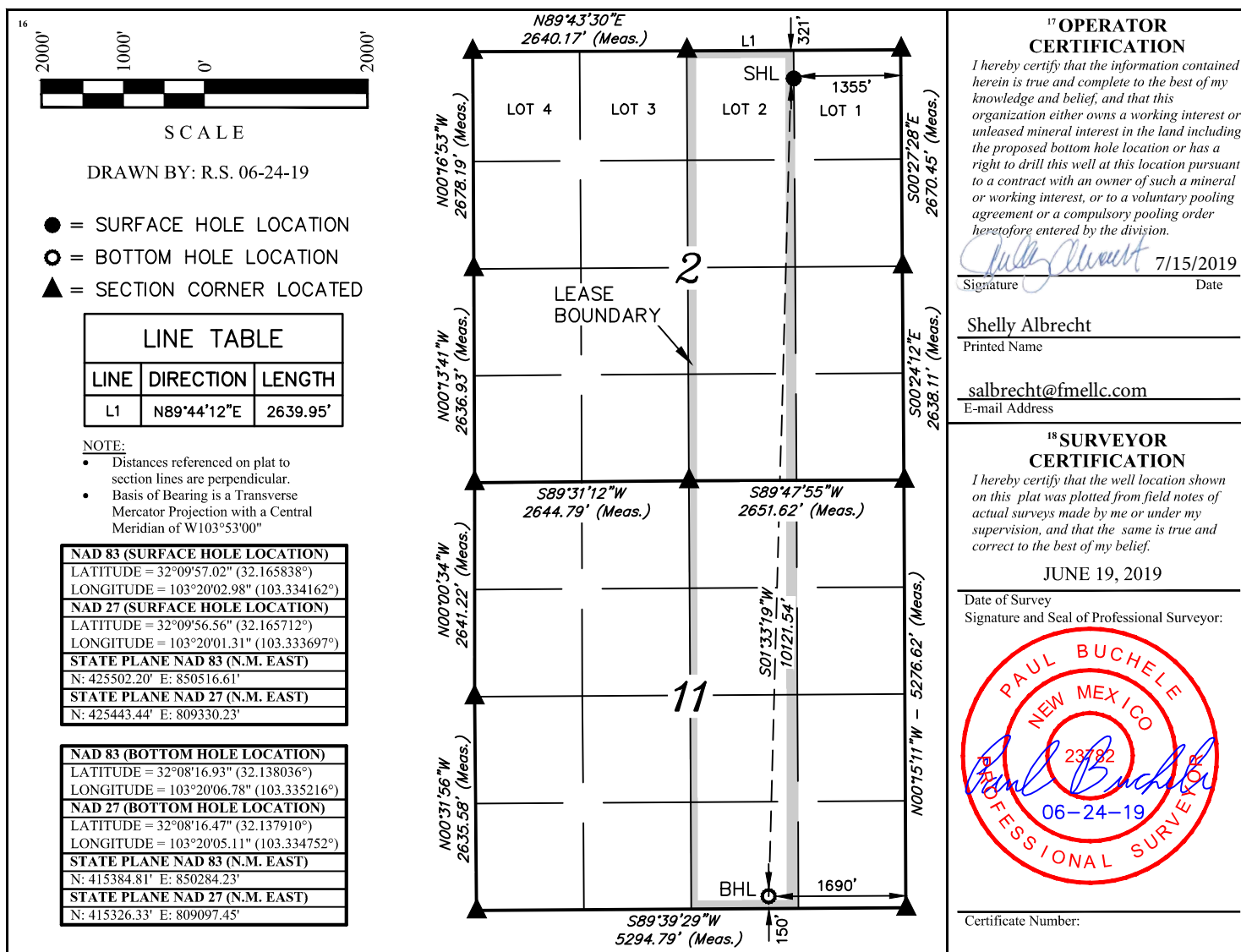
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 2	2	25S	35E		321	NORTH	1355	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	11	25S	35E		150	SOUTH	1690	EAST	LEA
¹² Dedicated Acres 320.81	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 98185	³ Pool Name WC-025 G-09 S253502B;LWR BONE SPRING
⁴ Property Code	⁵ Property Name BEAUTY QUEEN FED COM	⁶ Well Number 604H
⁷ OGRID No. 373901	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY LLC	⁹ Elevation 3259.1'

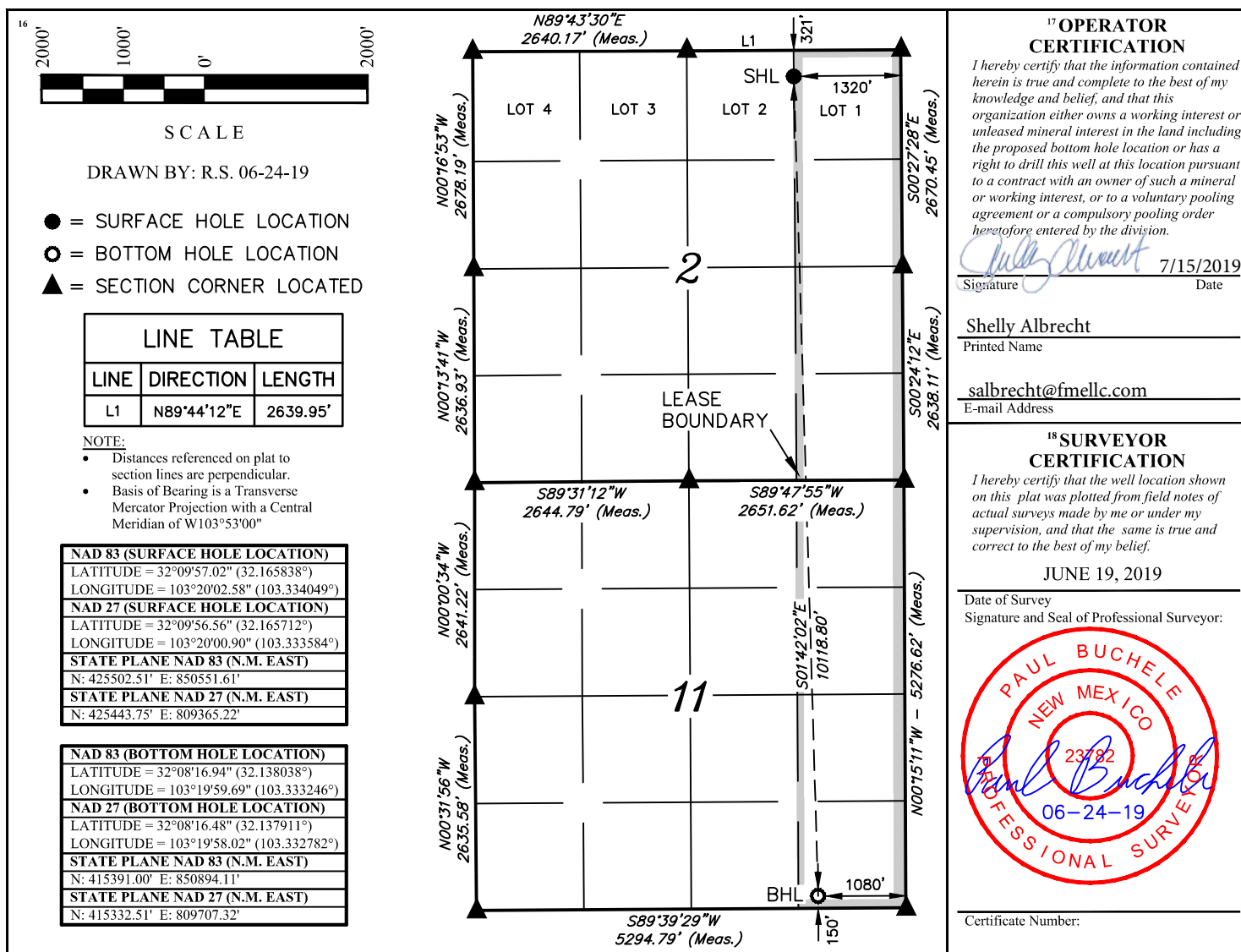
¹⁰ Surface Location

UL or lot no. LOT 1	Section 1	Township 25S	Range 35E	Lot Idn	Feet from the 321	North/South line NORTH	Feet from the 1320	East/West line EAST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. P	Section 11	Township 25S	Range 35E	Lot Idn	Feet from the 150	North/South line SOUTH	Feet from the 1080	East/West line EAST	County LEA
¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code WC-98187	³ Pool Name WC025 G09 S253502D;UPR WOLFCAMP
⁴ Property Code	⁵ Property Name BEAUTY QUEEN FED COM	⁶ Well Number 705H
⁷ OGRID No. 373910	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY LLC	⁹ Elevation 3258.2'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	2	25S	35E		321	NORTH	1285	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	11	25S	35E		150	SOUTH	760	EAST	LEA
¹² Dedicated Acres 320.81	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

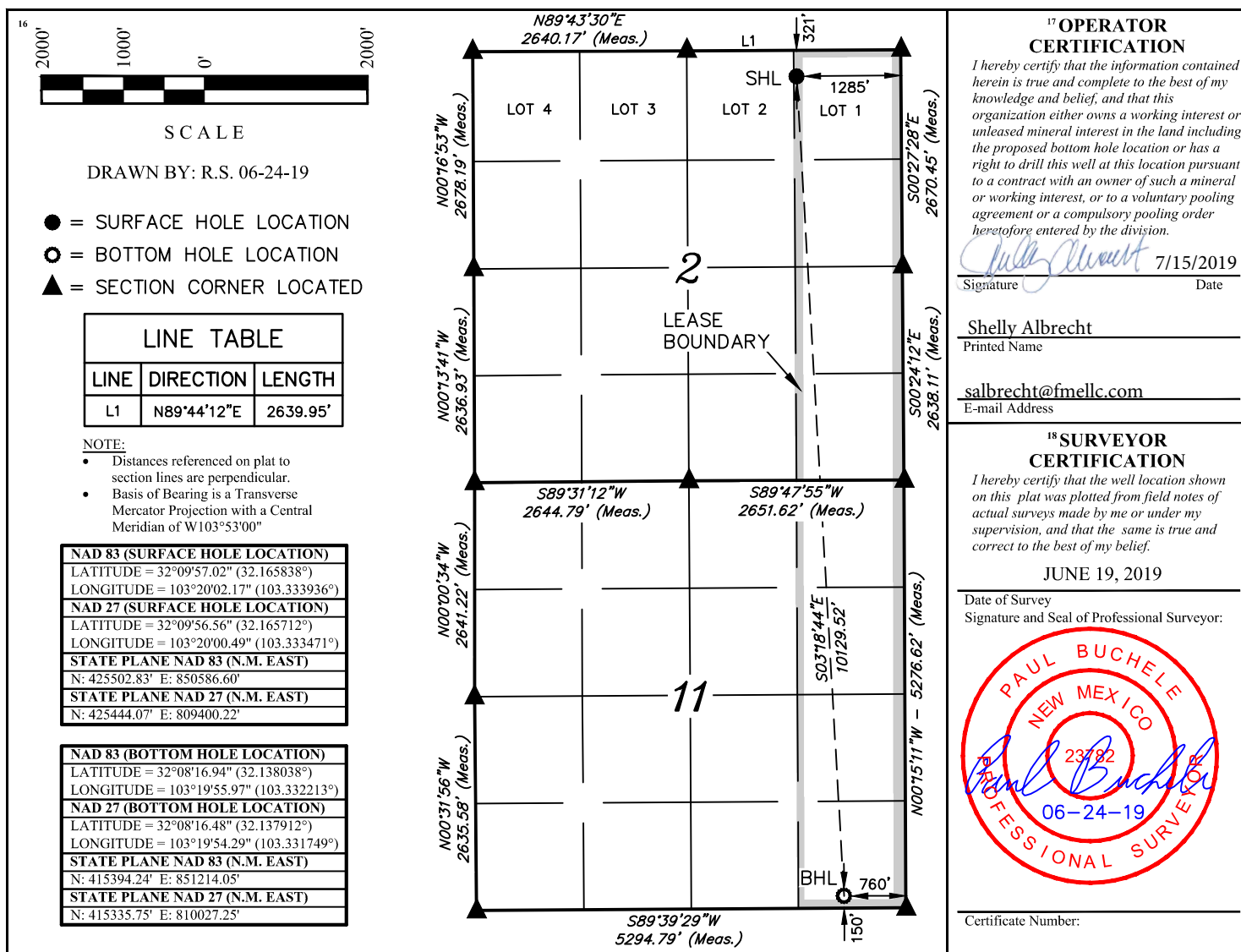




PHOTO: VIEW FROM THE PARADE BWY STATE 1H SE CORNER CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW OF EXISTING ACCESS ROAD

CAMERA ANGLE: EASTERLY

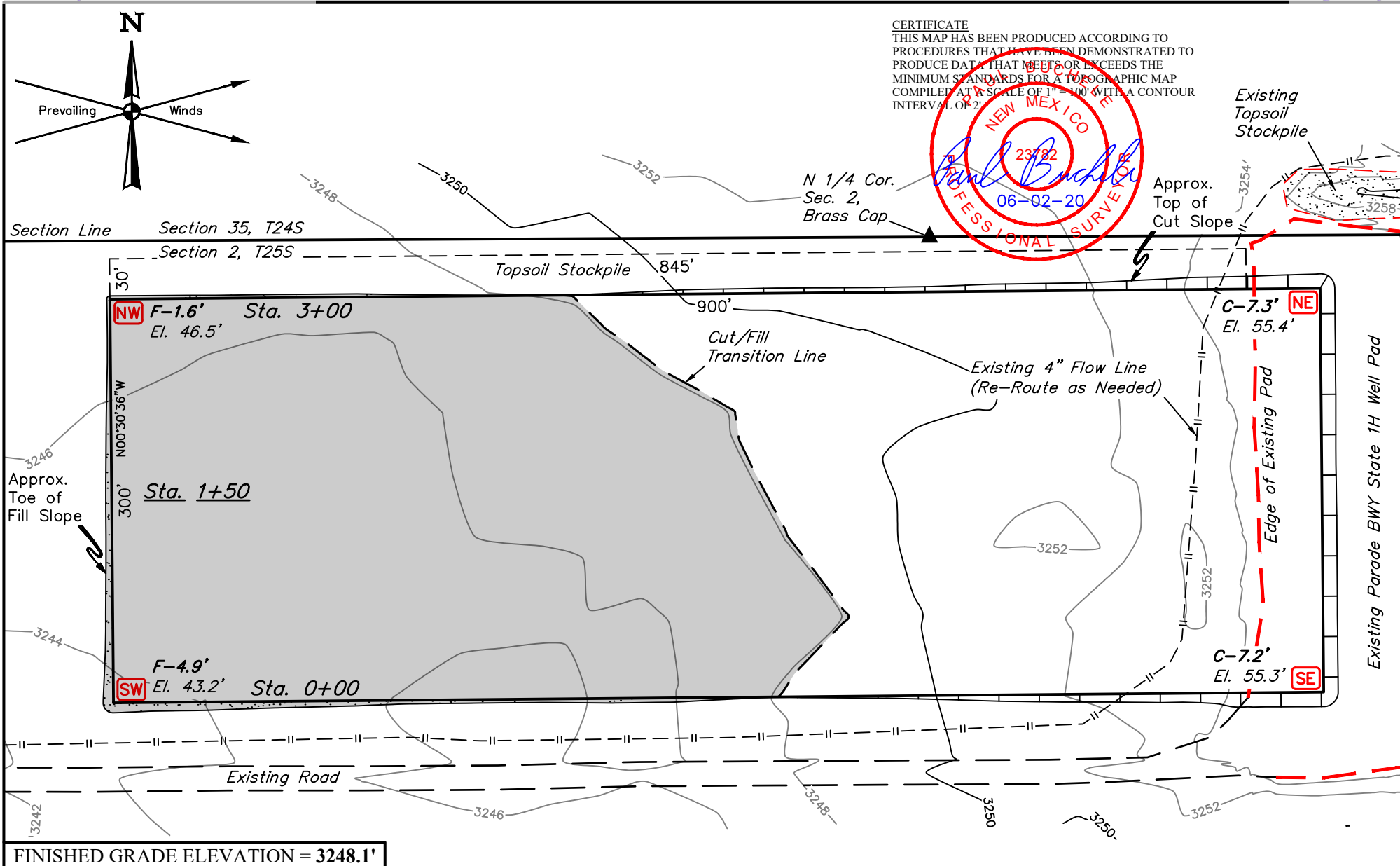
FRANKLIN MOUNTAIN ENERGY LLC

**CARNIVAL CTB
LOTS 2 & 3, SECTION 2, T25S, R35E, N.M.P.M.
LEA COUNTY, NEW MEXICO**

TAKEN BY	S.R., I.R.	05-11-20	
DRAWN BY	S.K.	06-02-20	
LOCATION PHOTOS			PHOTO



UELS, LLC
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017

**NOTES:**

- Contours shown at 2' intervals.
- Underground utilities shown on this sheet are for visualization purposes only, actual locations to be determined prior to construction.
- Cut/Fill slopes 1 1/2:1 (Typ.)
- Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83).

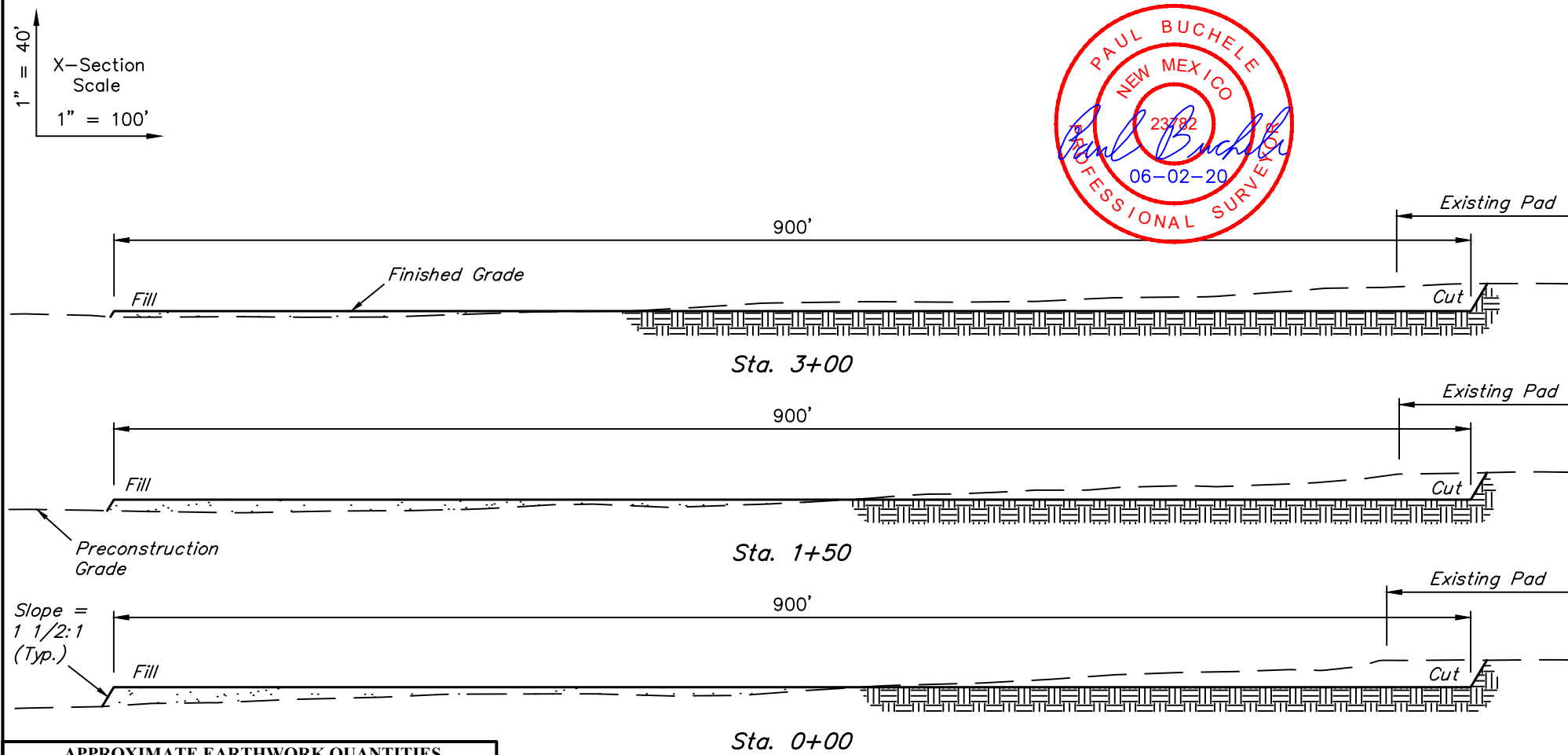
FRANKLIN MOUNTAIN ENERGY LLC

CARNIVAL CTB
LOTS 2 & 3, SECTION 2, T25S, R35E, N.M.P.M.
LEA COUNTY, NEW MEXICO

SURVEYED BY	S.R.	05-11-20	SCALE
DRAWN BY	S.K.	06-02-20	1" = 100'
LOCATION LAYOUT			FIGURE #1



UELS, LLC
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017



APPROXIMATE EARTHWORK QUANTITIES	
(6") TOPSOIL STRIPPING (New Construction Only)	4,870 Cu. Yds.
REMAINING LOCATION	14,930 Cu. Yds.
TOTAL CUT	19,800 Cu. Yds.
FILL	14,930 Cu. Yds.
EXCESS MATERIAL	4,870 Cu. Yds.
TOPSOIL	4,870 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	0 Cu. Yds.

APPROXIMATE SURFACE DISTURBANCE AREAS	
	ACRES
SITE DISTURBANCE (NEW CONSTRUCTION ONLY)	±6.555
SITE DISTURBANCE (ON EXISTING WELL PAD)	±0.438
TOTAL SURFACE USE AREA	±6.993

NOTES:

- Fill quantity includes 5% for compaction.
- Cut/Fill slopes 1 1/2:1 (Typ.).
- 6" topsoil stripping on new construction only.

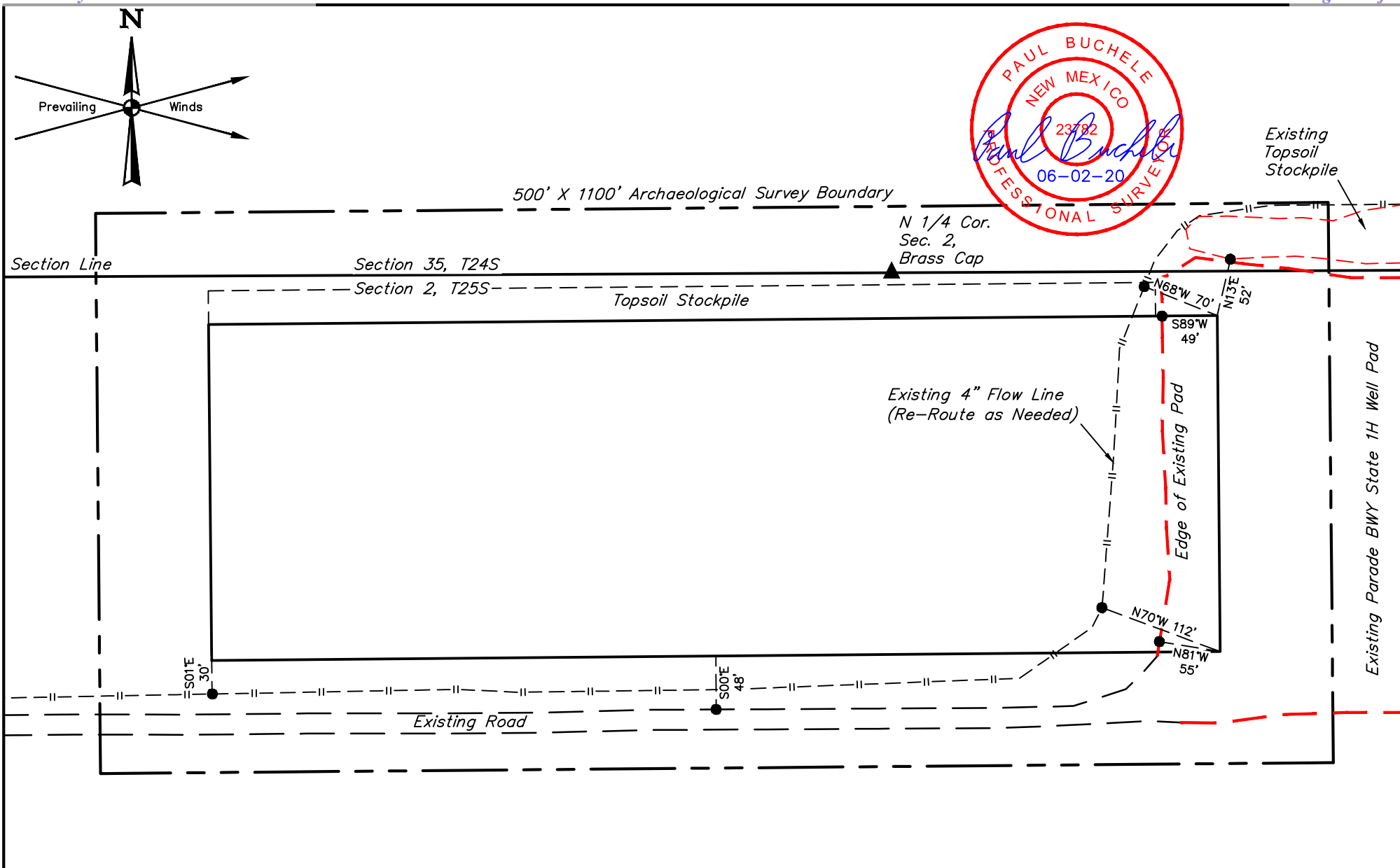
FRANKLIN MOUNTAIN ENERGY LLC

CARNIVAL CTB
LOTS 2 & 3, SECTION 2, T25S, R35E, N.M.P.M.
LEA COUNTY, NEW MEXICO

SURVEYED BY	S.R.	05-11-20	SCALE
DRAWN BY	S.K.	06-02-20	AS SHOWN
TYPICAL CROSS SECTIONS		FIGURE #2	



UELS, LLC
 Corporate Office * 85 South 200 East
 Vernal, UT 84078 * (435) 789-1017

**NOTES:**

- Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83).

FRANKLIN MOUNTAIN ENERGY LLC

CARNIVAL CTB
LOTS 2 & 3, SECTION 2, T25S, R35E, N.M.P.M.
LEA COUNTY, NEW MEXICO

SURVEYED BY	S.R.	05-11-20	SCALE
DRAWN BY	S.K.	06-02-20	1" = 120'
ARCHAEOLOGICAL SURVEY BOUNDARY			FIGURE #5



UELS, LLC
 Corporate Office * 85 South 200 East
 Vernal, UT 84078 * (435) 789-1017

BEGINNING AT THE INTERSECTION OF HIGHWAY 18 & HIGHWAY 128 IN JAL, NEW MEXICO PROCEED IN A WESTERLY, THEN NORTHWESTERLY DIRECTION ALONG HIGHWAY 128 APPROXIMATELY 9.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY, THEN NORTHERLY DIRECTION APPROXIMATELY 0.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN RIGHT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE EXISTING PARADE BWY STATE 1H WELL PAD AND THE PROPOSED LOCATION.

TOTAL DISTANCE FROM JAL, NEW MEXICO TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 10.8 MILES.

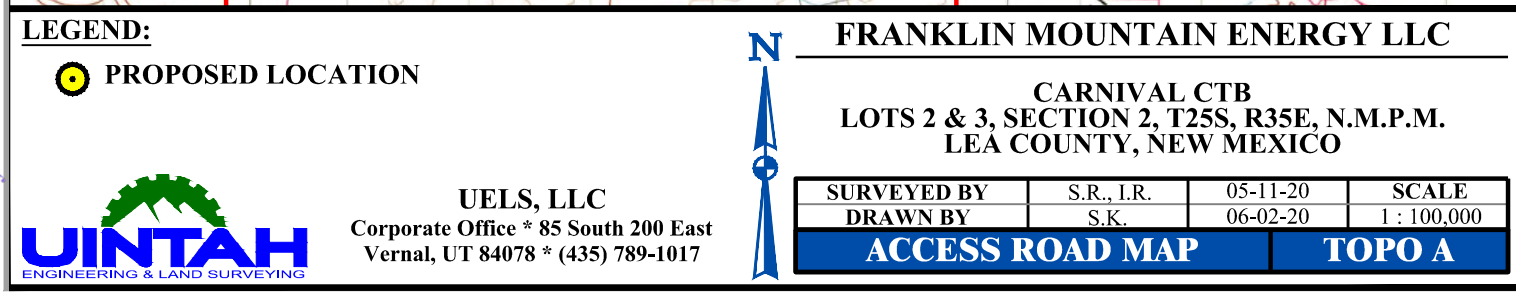
FRANKLIN MOUNTAIN ENERGY LLC

CARNIVAL CTB
LOTS 2 & 3, SECTION 2, T25S, R35E, N.M.P.M.
LEA COUNTY, NEW MEXICO

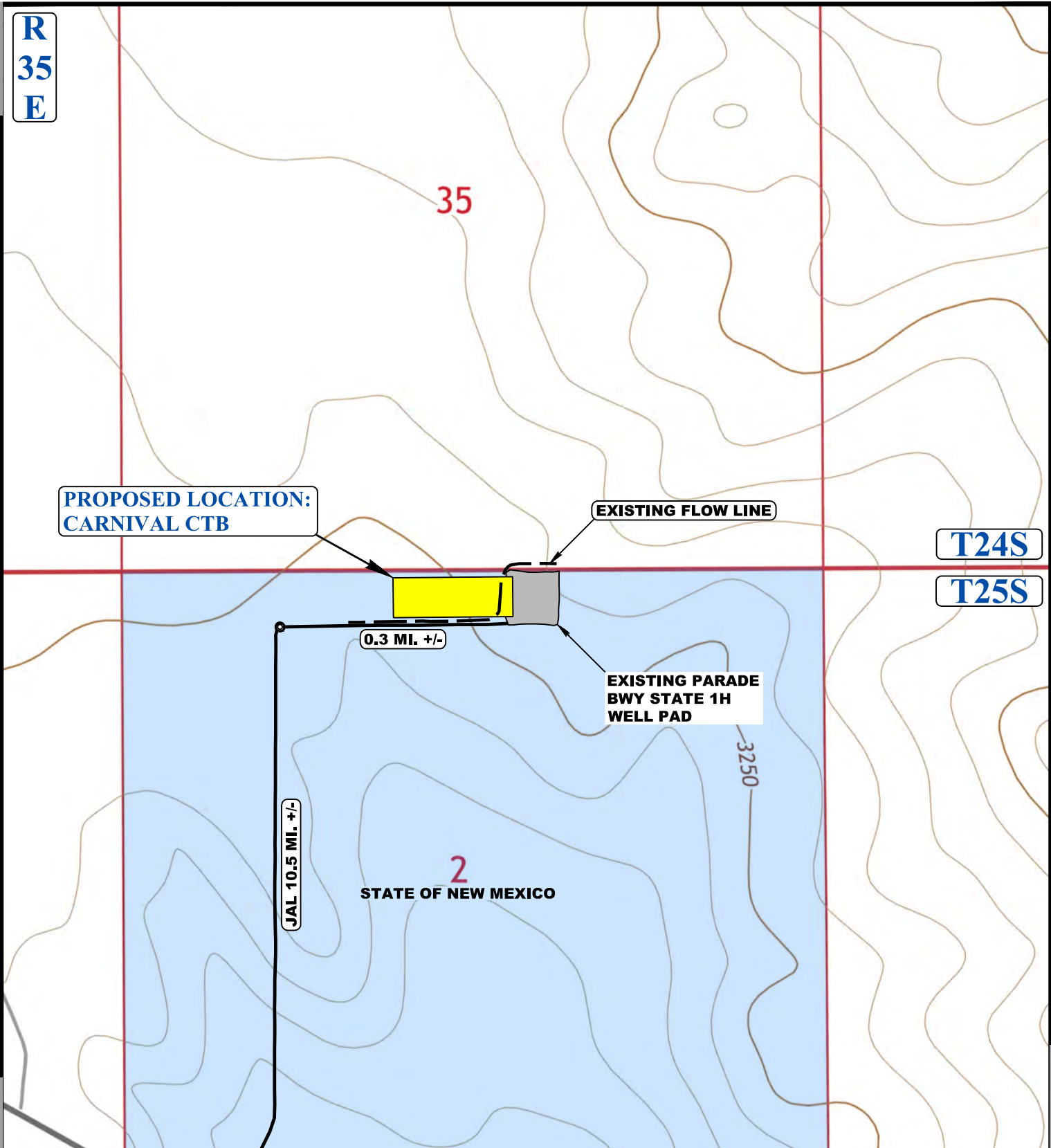
SURVEYED BY	S.R., I.R.	05-11-20	
DRAWN BY	S.K.	06-02-20	
ROAD DESCRIPTION			



UELS, LLC
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017



R
35
E



PROPOSED LOCATION:
CARNIVAL CTB

EXISTING FLOW LINE

T24S

T25S

0.3 MI. +/-

EXISTING PARADE
BWY STATE 1H
WELL PAD

JAL 10.5 MI. +/-

2
STATE OF NEW MEXICO

NOTE: PARCEL DATA SHOWN HAS BEEN OBTAINED FROM VARIOUS SOURCES AND SHOULD BE USED FOR MAPPING, GRAPHIC AND PLANNING PURPOSES ONLY. NO WARRANTY IS MADE BY UINTAH ENGINEERING AND LAND SURVEYING (UELS) FOR ACCURACY OF THE PARCEL DATA.

LEGEND:

- EXISTING ROAD
- EXISTING FLOW LINE



FRANKLIN MOUNTAIN ENERGY LLC

CARNIVAL CTB
LOTS 2 & 3, SECTION 2, T25S, R35E, N.M.P.M.
LEA COUNTY, NEW MEXICO

SURVEYED BY	S.R., I.R.	05-11-20	SCALE
DRAWN BY	S.K.	06-02-20	1 : 12,000
ACCESS ROAD MAP			TOPO B



UELS, LLC
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017

Well Name: COUNTY FAIR FED COM	Well Location: T25S / R35E / SEC 2 / LOT 4 / 32.166036 / -103.342582	County or Parish/State: LEA / NM
Well Number: 602H	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMNM101608	Unit or CA Name:	Unit or CA Number:
US Well Number: 3002547492	Well Status: Approved Application for Permit to Drill	Operator: FRANKLIN MOUNTAIN ENERGY LLC

Subsequent Report

Type of Submission: Subsequent Report	Type of Action: Other
Date Sundry Submitted: 03/29/2021	Time Sundry Submitted: 05:08
Date Operation Actually Began: 03/26/2021	

Actual Procedure: Franklin Mountain Energy, LLC (FME), Operator of the above captioned well, respectfully submits the attached, updated, C-102 for BLM record.

SR Attachments

Actual Procedure

County_Fair_Fed_Com_602H_C_102_3_26_2021_20210329170811.pdf

Well Name: COUNTY FAIR FED COM	Well Location: T25S / R35E / SEC 2 / LOT 4 / 32.166036 / -103.342582	County or Parish/State: LEA / NM
Well Number: 602H	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMNM101608	Unit or CA Name:	Unit or CA Number:
US Well Number: 3002547492	Well Status: Approved Application for Permit to Drill	Operator: FRANKLIN MOUNTAIN ENERGY LLC

Operator Certification

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.

Operator Electronic Signature: RACHAEL OVERBEY	Signed on: MAR 29, 2021 05:07 PM
Name: FRANKLIN MOUNTAIN ENERGY LLC	
Title: Director – Operations Planning and Regulatory	
Street Address: 2401 E 2nd Avenue, Suite 300	
City: Denver	State: CO
Phone: (720) 414-7868	
Email address: roverbey@fmellc.com	

Field Representative

Representative Name:		
Street Address:		
City:	State:	Zip:
Phone:		
Email address:		

BLM Point of Contact

BLM POC Name: CHRISTOPHER WALLS	BLM POC Title: Petroleum Engineer
BLM POC Phone: 5752342234	BLM POC Email Address: cwalls@blm.gov
Disposition: Accepted	Disposition Date: 04/12/2021
Signature: Chris Walls	

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47492	² Pool Code 98185	³ Pool Name WC-025 G-09 S253502B; LWR BONE SPRING
⁴ Property Code 328929	⁵ Property Name COUNTY FAIR FED COM	⁶ Well Number 602H
⁷ OGRID No. 373910	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY LLC	⁹ Elevation 3248.1

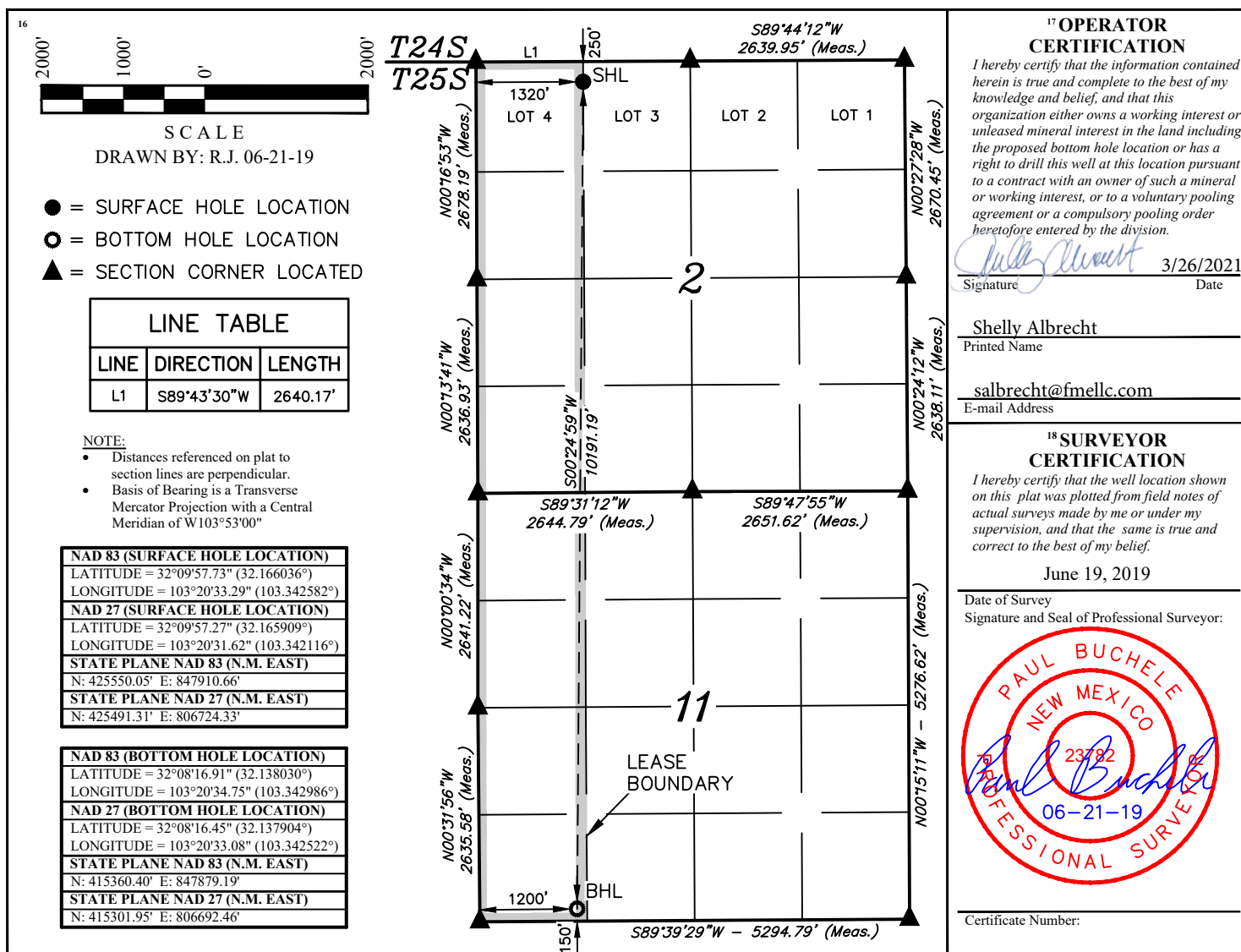
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	2	25S	35E		250	NORTH	1320	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	25S	35E		150	SOUTH	1200	WEST	LEA
¹² Dedicated Acres 641.78	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Well Name: BEAUTY QUEEN FED COM	Well Location: T25S / R35E / SEC 2 / LOT 2 / 32.165838 / -103.334049	County or Parish/State: LEA / NM
Well Number: 604H	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMNM101608	Unit or CA Name:	Unit or CA Number:
US Well Number: 3002547889	Well Status: Drilling Well	Operator: FRANKLIN MOUNTAIN ENERGY LLC

Subsequent Report

Type of Submission: Subsequent Report	Type of Action: Other
Date Sundry Submitted: 03/29/2021	Time Sundry Submitted: 05:10
Date Operation Actually Began: 03/26/2021	

Actual Procedure: Franklin Mountain Energy, LLC (FME), Operator of the above captioned well, respectfully submits the attached, updated, C-102 for BLM record.

SR Attachments

Actual Procedure

Beauty_Queen_Fed_Com_604H_C_102_3_26_2021_20210329171006.pdf

Well Name: BEAUTY QUEEN FED
COM

Well Location: T25S / R35E / SEC 2 /
LOT 2 / 32.165838 / -103.334049

County or Parish/State: LEA /
NM

Well Number: 604H

Type of Well: OIL WELL

Allottee or Tribe Name:

Lease Number: NMNM101608

Unit or CA Name:

Unit or CA Number:

US Well Number: 3002547889

Well Status: Drilling Well

Operator: FRANKLIN
MOUNTAIN ENERGY LLC

Operator Certification

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.

Operator Electronic Signature: RACHAEL OVERBEY

Signed on: MAR 29, 2021 05:09 PM

Name: FRANKLIN MOUNTAIN ENERGY LLC

Title: Director – Operations Planning and Regulatory

Street Address: 2401 E 2nd Avenue, Suite 300

City: Denver

State: CO

Phone: (720) 414-7868

Email address: roverbey@fmellc.com

Field Representative

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: CHRISTOPHER WALLS

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5752342234

BLM POC Email Address: cwalls@blm.gov

Disposition: Accepted

Disposition Date: 04/12/2021

Signature: Chris Walls

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-47889	² Pool Code 98185	³ Pool Name WC-025 G-09 S253502B;LWR BONE SPRING
⁴ Property Code 329760	⁵ Property Name BEAUTY QUEEN FED COM	⁶ Well Number 604H
⁷ OGRID No. 373901	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY LLC	⁹ Elevation 3259.1'

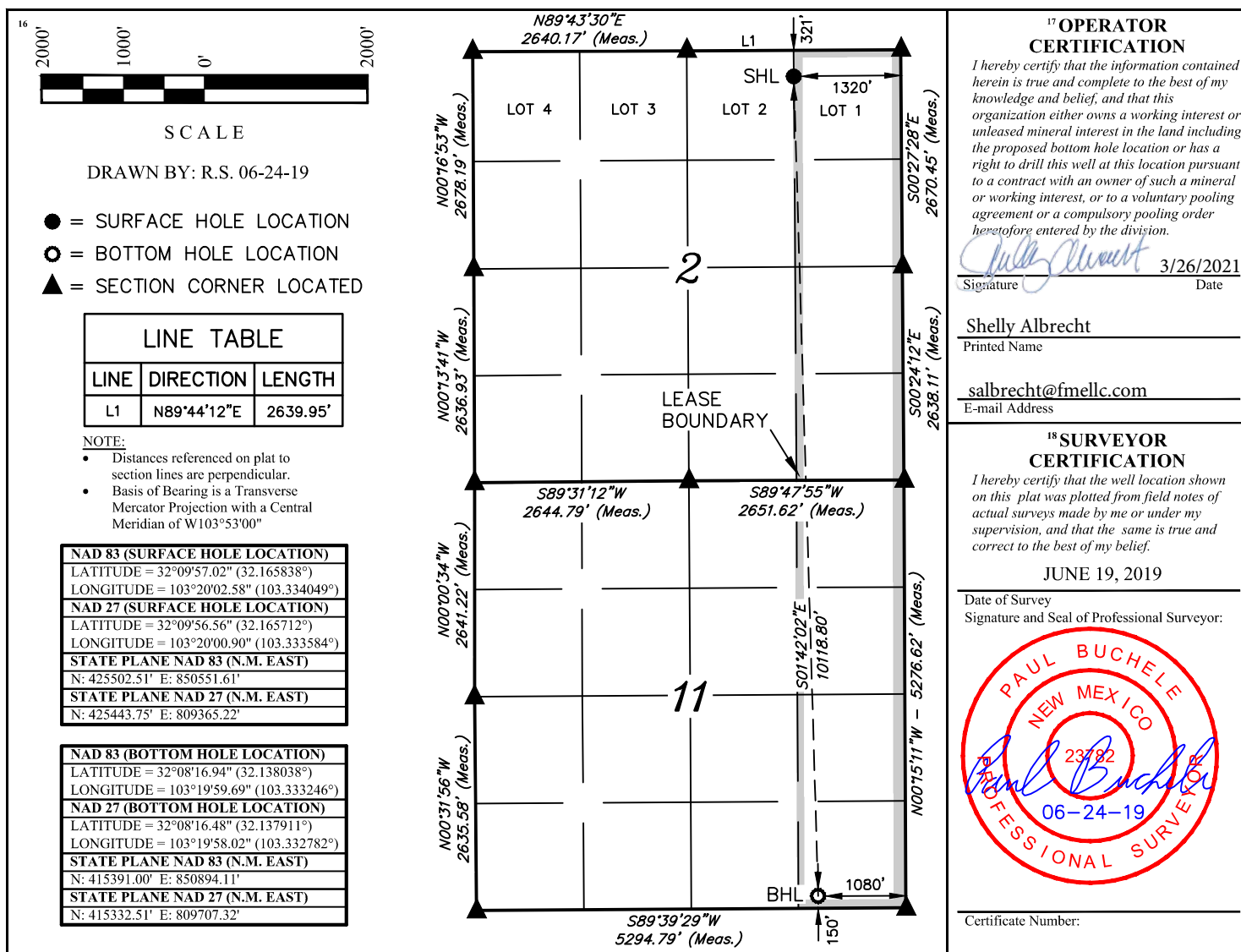
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	1	25S	35E		321	NORTH	1320	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	11	25S	35E		150	SOUTH	1080	EAST	LEA
¹² Dedicated Acres 641.66	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION TO
AMEND ORDER NO. R-21170 BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 21510
ORDER NO. R-21170-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order (“Order”):

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) applied to conform Order R-21170 (“Existing Order”) issued in Case No. 20982 with the Division’s recently amended order template (“Amended Template”), to extend the time to drill the initial well, and to remove the Parade State 603H well.
2. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Application was given.
3. Operator is in good standing under OCD’s rules.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law and amends the remaining paragraphs in the Existing Order as stated below.

ORDER

9. The period to drill the well is extended until February 26, 2022.

10. This Order shall terminate automatically if Operator fails to comply with Paragraph 9 unless prior to termination Operator applies, and OCD grants, to amend Order R-21170 for good cause shown.
11. The uncommitted interests in the Unit are pooled as set forth in Amended Exhibit A appended to this Order and incorporated by reference herein.
12. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
13. Operator is designated as operator of the Unit and the Well(s).
14. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
15. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
16. This Order shall terminate automatically if Operator fails to comply with Paragraph 15 unless Operator obtains an extension by an amendment of this Order for good cause shown.
17. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
18. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
19. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
20. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working

Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

21. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
22. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
23. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
24. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
25. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
26. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
27. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled

Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

28. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
29. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
30. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
31. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**
AES/jag

Date: 11/13/2020

CASE NO. 21510
ORDER NO. R-21170-A

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Amended Exhibit A

AMENDED COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21510 (Re-opened Order R-21170)	APPLICANT'S RESPONSE
Date November 5, 2020	Amended Checklist Only to Remove Parade State 603H Well
Applicant	Franklin Mountain Energy, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy, LLC (373910)
Applicant's Counsel:	Deana M. Bennett/Modrall Spering
Case Title:	Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Tap Rock Resources, LLC
Well Family	Carnival: Beauty Queen Fed Com 604H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	WC-025 G-09 S2535028, Lower Bone Spring, Pool Code 98185
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	640 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	The completed interval for the Beauty Queen Fed Com 604H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.
Proximity Defining Well: if yes, description	Beauty Queen Fed Com 604H
Applicant's Ownership in Each Tract	Exhibit A (Landman's affidavit page 2); Exhibit A-3 (page 16)
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed



CASE NO. 21510
ORDER NO. R-21170-A

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Well #1	Beauty Queen Fed Com 604H, API Pending SHL: 321 feet from the North line and 1320 feet from the East line (Lot 1), Section 2, Township 25 South, Range 35 East, NMPM. BHL: 150 feet from the South line and 1080 feet from the East line (Unit P), Section 11, Township 25 South, Range 35 East, NMPM. Completion Target: Third Bone Spring Sand at approximate 11,730' TVD. Well Orientation: South to North Completion location: Expected to be standard. See also C-102: Exhibit A-2 page 13.
Horizontal Well First and Last Take Points	Beauty Queen Fed Com 604: Proposed first take point is 689' FNL and 1076' FEL and the proposed last take point is 150' FSL and 1080' FEL. See also Exhibit A-2 page 14.
Completion Target (Formation, TVD and MD)	See Proposal Letters Exhibit A-4, Pages 19-24.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000: See also Proposal Letters Exhibit A-4, Pages 19-24.
Production Supervision/Month \$	\$700: See also Proposal Letters Exhibit A-4, Pages 19-24.
Justification for Supervision Costs	See AFEs Exhibits A-5, pages 25-26.
Requested Risk Charge	200%: See also Proposal Letters Exhibit A-4, Pages 19-24.
Notice of Hearing	
Proposed Notice of Hearing	A-6, specifically pages 28-33.
Proof of Mailed Notice of Hearing (20 days before hearing)	A-6, specifically pages 34-37.
Proof of Published Notice of Hearing (10 days before hearing)	A-6, specifically page 38.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	A-3 (page 15)
Tract List (including lease numbers and owners)	A-3 (page 16-17)
Pooled Parties (including ownership type)	A-3 (page 16-17)

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ORDER NO. R-21170-A

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Unlocatable Parties to be Pooled	A-3 (page 17)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	A-4 (pages 19-24)
List of Interest Owners (ie Exhibit A of JOA)	A-3 (page 16-17)
Chronology of Contact with Non-Joined Working Interests	N/A: no unjoined working interest owners but see page p. 18 for summary of contacts with unleased mineral interest owners.
Overhead Rates In Proposal Letter	A-4 (specifically pages 19 & 22)
Cost Estimate to Drill and Complete	A-4 (specifically pages 19 & 22 for total costs); A-5 (pages 25-26:AFEs)
Cost Estimate to Equip Well	A-4 (specifically pages 19 & 22 for total costs); A-5 (pages 25-26:AFEs)
Cost Estimate for Production Facilities	A-4 (specifically pages 19 & 22 for total costs); A-5 (pages 25-26:AFEs)
Geology	
Summary (including special considerations)	Exhibit B, pages 39-42
Spacing Unit Schematic	A-1-B (page 11)
Gunbarrel/Lateral Trajectory Schematic	B-8 (page 44)
Well Orientation (with rationale)	B-10 (Page 50)
Target Formation	B-9-C (page 48)
HSU Cross Section	B-9-C (page 48)
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	A-2 (pages 12 & 13)
Tracts	A-3 (page 15-17)
Summary of Interests, Unit Recapitulation (Tracts)	A-3 (page 16-17)
General Location Map (including basin)	B-7 (page 43)
Well Bore Location Map	A-1-B (page 11)
Structure Contour Map - Subsea Depth	B-9-A (page 46)
Cross Section Location Map (including wells)	B-9-B (page 47)
Cross Section (including Landing Zone)	B-9-C (page 48)
Additional Information	Amended November 3, 2020 to remove Parade State 603H Well.
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dena M. Bennett
Signed Name (Attorney or Party Representative):	Dena M. Bennett
Date:	11/3/2020

CASE NO. 21510
ORDER NO. R-21170-A

Page 7 of 7

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION TO
AMEND ORDER NO. R-21172 BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 21512
ORDER NO. R-21172-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order (“Order”):

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) applied to conform Order R-21172 (“Existing Order”) issued in Case No. 20984 with the Division’s recently amended order template (“Amended Template”), and to extend the time to drill the initial well.
2. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Application was given.
3. Operator is in good standing under OCD’s rules.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law and amends the remaining paragraphs in the Existing Order as stated below.

ORDER

9. The period to drill the well is extended until February 26, 2022.

10. This Order shall terminate automatically if Operator fails to comply with Paragraph 9 unless prior to termination Operator applies, and OCD grants, to amend Order R-21172 for good cause shown.
11. The uncommitted interests in the Unit are pooled as set forth in Exhibit A as appended to the original order and incorporated by reference herein.
12. The Unit shall be dedicated to the Well(s) set forth in aforesaid Exhibit A.
13. Operator is designated as operator of the Unit and the Well(s).
14. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
15. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
16. This Order shall terminate automatically if Operator fails to comply with Paragraph 15 unless Operator obtains an extension by an amendment of this Order for good cause shown.
17. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
18. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
19. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
20. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working

CASE NO. 21512
ORDER NO. R-21172-A

Page 2 of 4

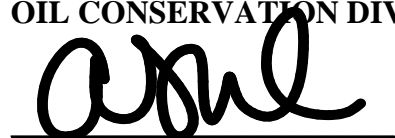
Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

21. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
22. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
23. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
24. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
25. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
26. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
27. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled

Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

28. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
29. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
30. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
31. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 11/13/2020

CASE NO. 21512
ORDER NO. R-21172-A

Page 4 of 4

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20952
ORDER NO. R-21403**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

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ORDER NO. R-21403

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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 7/27/2020

CASE NO. 20952
ORDER NO. R-21403

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Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 320.87 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
E/2W/2 of Sections 2 and 11,
Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (Pool code WC-98187)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: None included

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

There are 2 Proposed Wells:**Blue Ribbon Fed Com 702H, API No. Pending**

SHL: 250 feet from the North line and 1355 feet from the West line,
(Lot 3) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 1740 feet from the West line,
(Unit N) of Section 11, Township 25 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp at approx 12,100 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

Blue Ribbon Fed Com 703H, API No. Pending

SHL: 675 feet from the North line and 2623 feet from the West line,
(Lot 3) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 2610 feet from the West line,
(Unit N) of Section 11, Township 25 South, Range 35 East, NMPM.

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Completion Target: Upper Wolfcamp at approx 11,950 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

CASE NO. 20952
ORDER NO. R-21403

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20951
ORDER NO. R-21402**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 20951
ORDER NO. R-21402

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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: Jul 27, 2020

CASE NO. 20951
ORDER NO. R-21402

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Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 640 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:

W/2 of Sections 2 and 11,
Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Bone Spring Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502B; LWR BONE (Pool code 98185)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: Yes
Proximity Defining Well: Well No. 602H is to be drilled closer than 330 feet from the Proximity Tracts and therefore defines the Horizontal Spacing Unit.

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

The Following Well is Proposed:**County Fair Federal 602H Well, API No. Pending**

SHL: 250 feet from the North line and 1320 feet from the West line,
(Lot 4) of Section 2, Township 25 South, Range 35 East, NMPM.

BHL: 150 feet from the South line and 1200 feet from the West line,
(Unit M) of Section 11, Township 25 South, Range 35 East, NMPM.

Completion Target: 3rd Bone Spring Sand at approx 11,850 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

CASE NO. 20951
ORDER NO. R-21402

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20953
ORDER NO. R-21404**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 20953
ORDER NO. R-21404

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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 7/27/2020

CASE NO. 20953
ORDER NO. R-21404

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Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 320.91 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
W2W/2 of Sections 2 and 11,
Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (Pool code WC-98187)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: None included

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

The Following Well is Proposed:**County Fair Fed Com 701H, API No. Pending**

SHL: 250 feet from the North line and 1285 feet from the West line,
(Lot 4) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 350 feet from the West line,
(Unit M) of Section 11, Township 25 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp at approx 12,160 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 21519
ORDER NO. R-21541**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the

CASE NO. 21519
ORDER NO. R-21541

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well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

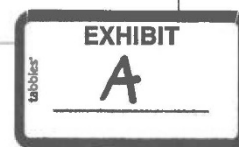
Date: 11/13/2020

CASE NO. 21519
ORDER NO. R-21541

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Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21519	APPLICANT'S RESPONSE
Date November 5, 2020	
Applicant	Franklin Mountain Energy, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy, LLC (373910)
Applicant's Counsel:	Deana M. Bennett/Modrall Spering
Case Title:	Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Tap Rock Resources, LLC
Well Family	Carnival: Parade State 603H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	WC-025 G-09 S253502B, Lower Bone Spring, Pool Code 98185
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NM/PM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit B-3 pages 16-17.
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed



CASE NO. 21519
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Well #1	Parade State 603H SHL: 675 feet from the North line and 2624 feet from the East line (Lot 2), Section 2, Township 25 South, Range 35 East, NMPM. BHL: 150 feet from the South line and 2260 feet from the East line (Unit O), Section 11, Township 25 South, Range 35 East, NMPM. Completion Target: Third Bone Spring Sand at approximate 11,790' TVD. Well Orientation: North/South Completion location: Expected to be standard. See also C-102: Exhibit B-2 page 14.
Horizontal Well First and Last Take Points	Parade State 603H: Proposed first take point 794' FNL and 2246' FEL and the proposed last take point is 150' FSL and 2260' FEL. See also Exhibit B-2 page 14.
Completion Target (Formation, TVD and MD)	See Proposal Letter Exhibit B-5 page 19.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000: See also Proposal Letter Exhibit B-5 page 19.
Production Supervision/Month \$	\$700: See also Proposal Letter Exhibit B-5 page 19.
Justification for Supervision Costs	See AFE Exhibit B-6 page 22.
Requested Risk Charge	200%: See also Proposal Letter Exhibit B-5 page 19.
Notice of Hearing	
Proposed Notice of Hearing	B-7, specifically pages 23-29.
Proof of Mailed Notice of Hearing (20 days before hearing)	B-7, specifically pages 30-34.
Proof of Published Notice of Hearing (10 days before hearing)	B-7, specifically page 35.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	B-3 page 15.
Tract List (including lease numbers and owners)	B-3 pages 16-17

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Pooled Parties (including ownership type)	B-3 page 17(a)&(b).
Unlocatable Parties to be Pooled	B-3 page 17.
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	B-5 page 19-21.
List of Interest Owners (ie Exhibit A of JOA)	B-3 pages 16-17.
Chronology of Contact with Non-Joined Working Interests	N/A: no unjoined working interest owners but see Exhibit B-4 page 18 for summary of contacts with unleased mineral interest owners.
Overhead Rates In Proposal Letter	Proposal Letter Exhibit B-5 page 19.
Cost Estimate to Drill and Complete	Proposal Letter Exhibit B-5 page 19; AFE B-6 page 22.
Cost Estimate to Equip Well	Proposal Letter Exhibit B-5 page 19; AFE B-6 page 22.
Cost Estimate for Production Facilities	Proposal Letter Exhibit B-5 page 19; AFE B-6 page 22.
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	C-8 page 40 and C-9 page 41.
Gunbarrel/Lateral Trajectory Schematic	C-9 page 41.
Well Orientation (with rationale)	C-11 page 47.
Target Formation	C-10-C page 45.
HSU Cross Section	C-10-C page 45.
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	B-2 page 14.
Tracts	B-3 page 15.
Summary of Interests, Unit Recapitulation (Tracts)	B-3 pages 16-17.
General Location Map (including basin)	C-8 page 40.
Well Bore Location Map	C-8 page 40; C-10-A page 43.
Structure Contour Map - Subsea Depth	C-10-A page 43.
Cross Section Location Map (including wells)	C-10-B page 44.
Cross Section (including Landing Zone)	C-10-C page 45.
Additional Information	Franklin requests an expedited order.
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M Bennett
Signed Name (Attorney or Party Representative):	Deana M Bennett
Date:	11/3/2020

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION TO
AMEND ORDER NO. R-21171 BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 21511
ORDER NO. R-21171-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order (“Order”):

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) applied to conform Order R-21171 (“Existing Order”) issued in Case No. 20983 with the Division’s recently amended order template (“Amended Template”), and to extend the time to drill the initial well.
2. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Application was given.
3. Operator is in good standing under OCD’s rules.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law and amends the remaining paragraphs in the Existing Order as stated below.

ORDER

9. The period to drill the well is extended until February 26, 2022.

10. This Order shall terminate automatically if Operator fails to comply with Paragraph 9 unless prior to termination Operator applies, and OCD grants, to amend Order R-21171 for good cause shown.
11. The uncommitted interests in the Unit are pooled as set forth in Exhibit A as appended to the original order and incorporated by reference herein.
- s
12. The Unit shall be dedicated to the Well(s) set forth in aforesaid Exhibit A.
13. Operator is designated as operator of the Unit and the Well(s).
14. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
15. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
16. This Order shall terminate automatically if Operator fails to comply with Paragraph 15 unless Operator obtains an extension by an amendment of this Order for good cause shown.
17. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
18. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
19. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
20. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working

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ORDER NO. R-21171-A

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Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

21. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
22. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
23. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
24. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
25. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
26. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
27. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled

Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

28. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
29. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
30. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
31. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 11/13/2020

CASE NO. 21511
ORDER NO. R-21171-A

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3160-9 – COMMUNITIZATION

Model Form of a Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT, entered into as of the **1st of October, 2020** by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as “parties hereto.”

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as “communitized area”) are described as follows:

Township 25 South, Range 35 East, N.M.P.M.**Section 2: E/2 (including Lots 1 & 2)****Section 11: E/2****Lea County, New Mexico**

Containing 641.66 acres, more or less, and this agreement shall include only the **Bone Spring** Formation(s) underlying said lands and the oil and gas hereafter referred to as “communitized substances,” producible from such formation(s).

2. Attached hereto and made a part of this agreement for all purposes is Exhibit “A”, a plat designating the communitized area and, Exhibit “B”, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

3. The operator of the communitized area shall be **Franklin Mountain Energy, LLC**, 44 Cook Street, Suite 1000, Denver, CO 80206. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and

Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **October 1, 2020** and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representatives, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interest of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and to assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

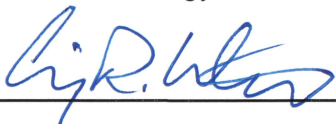
IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Statement of Written Consent by All Named Owners:

I, the undersigned, hereby certify, on behalf of Franklin Mountain Energy, LLC, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e. the lessees of record and operating right owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of Federal or Indian leases subject to the Communitization Agreement, and that the written consents of all the named owners have been obtained and will be made available to the BLM immediately upon request.

Operator & Working Interest Owner:

Franklin Mountain Energy, LLC

By: 

Name: Craig R. Walters

Title: Chief Operating Officer

Date: 12/17/2020

Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

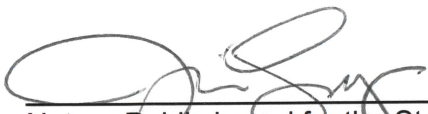
THE STATE OF COLORADO

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COUNTY OF DENVER

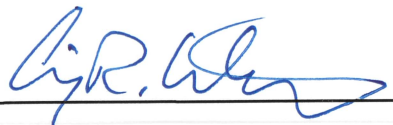
This instrument was acknowledged before me on this 17th day of December, 2020,
by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy, LLC, a Delaware
corporation.




Notary Public in and for the State of Colorado
my commission expires 09/27/2023

Working Interest Owner:

Franklin Mountain Energy 2, LLC

By: 

Name: Craig R. Walters

Title: Chief Operating Officer

Date: 12/17/2020

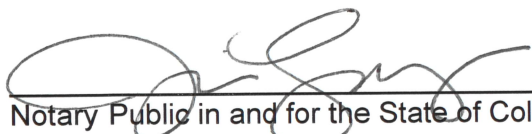
THE STATE OF COLORADO

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COUNTY OF DENVER

This instrument was acknowledged before me on this 17th day of December, 2020,
by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy 2, LLC, a Delaware
corporation.




Notary Public in and for the State of Colorado
my commission expires 09/27/2023

Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

LIST OF PARTIES TO FEDERAL COMMUNITIZATION AGREEMENT**Working Interest Owners:**

Franklin Mountain Energy, LLC
 Franklin Mountain Energy 2, LLC

Tract 1 – VB-2117-3

Lessee of Record:

Franklin Mountain Energy 2, LLC

Operating Rights Owner:

Franklin Mountain Energy 2, LLC

ORRI Owner(s):

Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Tract 2 – NMNM 101608

Lessee of Record per SRP:

COG Operating, LLC

Operating Rights Owner per SRP:

Franklin Mountain Energy 2, LLC

ORRI Owner(s):

Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

Tract 3- Multiple Fee Leases

Lessee of Record:

Franklin Mountain Energy, LLC; Franklin Mountain Energy 2, LLC

Unleased Mineral Owners: **

Various

ORRI Owner(s):

Franklin Mountain Royalty Investments, LLC; BC Operating, Inc.; Constitution Resources II, LP

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21170, then amended by compulsory pooling Order R-21170-A.**

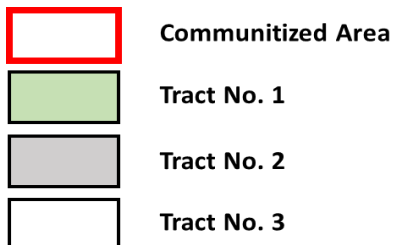
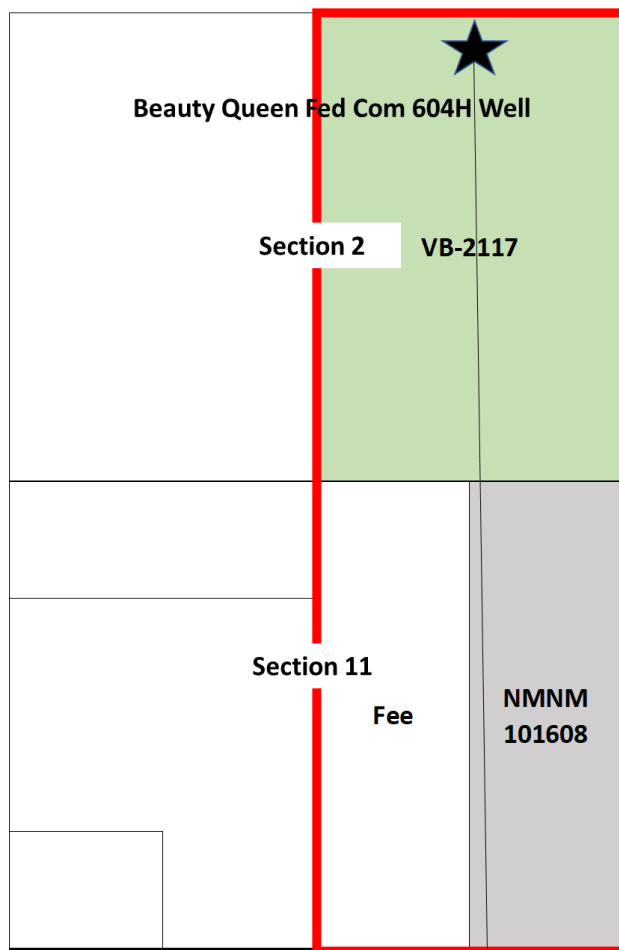
Beauty Queen Fed Com 604H
 Bone Spring Formation
 E/2 Sections 2 & 11-25S-35E
 Lea County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **641.66** acres, more or less, in the
E/2 of Sections 2 & 11, Township 25 South, Range 35 East,
Lea County, New Mexico.

Well Name/No.

Beauty Queen Fed Com #604H



Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in E/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: E/2 (including Lots 1 & 2), SECTION 2, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 321.66 ACRES, MORE OR LESS****Lease No. 1**

Lease Date:	December 1, 2011
Lease Primary Term:	Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2117-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: E/2 (including Lots 1 & 2) Lea County, New Mexico
Number of Acres:	321.66
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: E/2E/2 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 160.00 ACRES, MORE OR LESS**

Lease No. 2

Lease Date: December 1, 1998
 Lease Primary Term: Ten (10) years
 Recordation: Book 2081, Page 572, Lea County Records
 Lessor: **USA NMNM 101608**
 Original Lessee: Robert E. Landreth
 Current Lessee: COG Operating, LLC
 Description of Land Committed: Insofar and only insofar as said lease covers:
Township 25 South, Range 35 East
 Section 11: E/2E/2
 Lea County, New Mexico
 Number of Acres: 160.00
 Royalty Rate: 12.5%
 WI Owners Names and Interests: Franklin Mountain Energy 2, LLC – 100%
 ORRI Owners: Of Record: Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

**TRACT NO. 3: W/2E/2 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 160.00 ACRES, MORE OR LESS**

Lease No. 3: Multiple Fee Leases
 Lease Date: Various
 Lease Primary Term: Various
 Description of Land Committed: Insofar and only insofar as said lease covers:
Township 25 South, Range 35 East
 Section 11: W/2E/2
 Lea County, New Mexico
 Number of Acres: 160.00
 Royalty Rate: Various
 WI Owners Names and Interests: Franklin Mountain Energy 2, LLC – 84.7944518%
 Franklin Mountain Energy, LLC - 1.1281625%
 Unleased Mineral Owners** - 14.0773813%
 ORRI Owners: Of Record: Franklin Mountain Royalty Investments, LLC; BC Operating, Inc.; Constitution Resources II, LP

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21170, then amended by compulsory pooling Order R-21170-A.**

Beauty Queen Fed Com 604H
 Bone Spring Formation
 E/2 Sections 2 & 11-25S-35E
 Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	321.66	50.129352%
2	160.00	24.935324%
3	160.00	24.935324%
Total	641.66	100.000000%

Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION TO
AMEND ORDER NO. R-21170 BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 21510
ORDER NO. R-21170-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order (“Order”):

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) applied to conform Order R-21170 (“Existing Order”) issued in Case No. 20982 with the Division’s recently amended order template (“Amended Template”), to extend the time to drill the initial well, and to remove the Parade State 603H well.
2. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Application was given.
3. Operator is in good standing under OCD’s rules.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law and amends the remaining paragraphs in the Existing Order as stated below.

ORDER

9. The period to drill the well is extended until February 26, 2022.

10. This Order shall terminate automatically if Operator fails to comply with Paragraph 9 unless prior to termination Operator applies, and OCD grants, to amend Order R-21170 for good cause shown.
11. The uncommitted interests in the Unit are pooled as set forth in Amended Exhibit A appended to this Order and incorporated by reference herein.
12. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
13. Operator is designated as operator of the Unit and the Well(s).
14. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
15. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
16. This Order shall terminate automatically if Operator fails to comply with Paragraph 15 unless Operator obtains an extension by an amendment of this Order for good cause shown.
17. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
18. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
19. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
20. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working

Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

21. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
22. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
23. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
24. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
25. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
26. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
27. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled

Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

28. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
29. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
30. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
31. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**
AES/jag

Date: 11/13/2020

CASE NO. 21510
ORDER NO. R-21170-A

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Amended Exhibit A

AMENDED COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21510 (Re-opened Order R-21170)	APPLICANT'S RESPONSE
Date November 5, 2020	Amended Checklist Only to Remove Parade State 603H Well
Applicant	Franklin Mountain Energy, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy, LLC (373910)
Applicant's Counsel:	Deana M. Bennett/Modrall Spering
Case Title:	Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Tap Rock Resources, LLC
Well Family	Carnival: Beauty Queen Fed Com 604H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	WC-025 G-09 S2535028, Lower Bone Spring, Pool Code 98185
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	640 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	The completed interval for the Beauty Queen Fed Com 604H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.
Proximity Defining Well: if yes, description	Beauty Queen Fed Com 604H
Applicant's Ownership in Each Tract	Exhibit A (Landman's affidavit page 2); Exhibit A-3 (page 16)
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed




CASE NO. 21510
ORDER NO. R-21170-A

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Well #1	Beauty Queen Fed Com 604H, API Pending SHL: 321 feet from the North line and 1320 feet from the East line (Lot 1), Section 2, Township 25 South, Range 35 East, NMPM. BHL: 150 feet from the South line and 1080 feet from the East line (Unit P), Section 11, Township 25 South, Range 35 East, NMPM. Completion Target: Third Bone Spring Sand at approximate 11,730' TVD. Well Orientation: South to North Completion location: Expected to be standard. See also C-102: Exhibit A-2 page 13.
Horizontal Well First and Last Take Points	Beauty Queen Fed Com 604: Proposed first take point is 689' FNL and 1076' FEL and the proposed last take point is 150' FSL and 1080' FEL. See also Exhibit A-2 page 14.
Completion Target (Formation, TVD and MD)	See Proposal Letters Exhibit A-4, Pages 19-24.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000: See also Proposal Letters Exhibit A-4, Pages 19-24.
Production Supervision/Month \$	\$700: See also Proposal Letters Exhibit A-4, Pages 19-24.
Justification for Supervision Costs	See AFEs Exhibits A-5, pages 25-26.
Requested Risk Charge	200%: See also Proposal Letters Exhibit A-4, Pages 19-24.
Notice of Hearing	
Proposed Notice of Hearing	A-6, specifically pages 28-33.
Proof of Mailed Notice of Hearing (20 days before hearing)	A-6, specifically pages 34-37.
Proof of Published Notice of Hearing (10 days before hearing)	A-6, specifically page 38.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	A-3 (page 15)
Tract List (including lease numbers and owners)	A-3 (page 16-17)
Pooled Parties (including ownership type)	A-3 (page 16-17)

CASE NO. 21510
ORDER NO. R-21170-A

Page 6 of 7

Unlocatable Parties to be Pooled	A-3 (page 17)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	A-4 (pages 19-24)
List of Interest Owners (ie Exhibit A of JOA)	A-3 (page 16-17)
Chronology of Contact with Non-Joined Working Interests	N/A: no unjoined working interest owners but see page p. 18 for summary of contacts with unleased mineral interest owners.
Overhead Rates In Proposal Letter	A-4 (specifically pages 19 & 22)
Cost Estimate to Drill and Complete	A-4 (specifically pages 19 & 22 for total costs); A-5 (pages 25-26:AFEs)
Cost Estimate to Equip Well	A-4 (specifically pages 19 & 22 for total costs); A-5 (pages 25-26:AFEs)
Cost Estimate for Production Facilities	A-4 (specifically pages 19 & 22 for total costs); A-5 (pages 25-26:AFEs)
Geology	
Summary (including special considerations)	Exhibit B, pages 39-42
Spacing Unit Schematic	A-1-B (page 11)
Gunbarrel/Lateral Trajectory Schematic	B-8 (page 44)
Well Orientation (with rationale)	B-10 (Page 50)
Target Formation	B-9-C (page 48)
HSU Cross Section	B-9-C (page 48)
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	A-2 (pages 12 & 13)
Tracts	A-3 (page 15-17)
Summary of Interests, Unit Recapitulation (Tracts)	A-3 (page 16-17)
General Location Map (including basin)	B-7 (page 43)
Well Bore Location Map	A-1-B (page 11)
Structure Contour Map - Subsea Depth	B-9-A (page 46)
Cross Section Location Map (including wells)	B-9-B (page 47)
Cross Section (including Landing Zone)	B-9-C (page 48)
Additional Information	Amended November 3, 2020 to remove Parade State 603H Well.
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dena M. Bennett
Signed Name (Attorney or Party Representative):	
Date:	11/3/2020

CASE NO. 21510
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3160-9 – COMMUNITIZATION

Model Form of a Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT, entered into as of the **1st of October, 2020** by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as “parties hereto.”

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as “communitized area”) are described as follows:

Township 25 South, Range 35 East, N.M.P.M.**Section 2: E/2E/2 (including Lot 1)****Section 11: E/2E/2****Lea County, New Mexico**

Containing 320.81 acres, more or less, and this agreement shall include only the **Wolfcamp** Formation(s) underlying said lands and the oil and gas hereafter referred to as “communitized substances,” producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit “A”, a plat designating the communitized area and, Exhibit “B”, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

3. The operator of the communitized area shall be **Franklin Mountain Energy, LLC**, 44 Cook Street, Suite 1000, Denver, CO 80206. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **October 1, 2020** and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representatives, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interest of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and to assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.


IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Statement of Written Consent by All Named Owners:

I, the undersigned, hereby certify, on behalf of Franklin Mountain Energy, LLC, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e. the lessees of record and operating right owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of Federal or Indian leases subject to the Communitization Agreement, and that the written consents of all the named owners have been obtained and will be made available to the BLM immediately upon request.

Operator:

Franklin Mountain Energy, LLC

By: 

Name: Craig R. Walters

Title: Chief Operating Officer

Date: 12/17/2020

Beauty Queen Fed Com 705H
 Wolfcamp Formation
 E/2E/2 Sections 2 & 11-25S-35E
 Lea County, New Mexico

THE STATE OF COLORADO

§
§
§

COUNTY OF DENVER

This instrument was acknowledged before me on this 17th day of December, 2020,
by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy, LLC, a Delaware
corporation.



[Signature]
Notary Public in and for the State of Colorado
my commission expires 09/27/2023

Working Interest Owner:

Franklin Mountain Energy 2, LLC

By: [Signature]Name: Craig R. WaltersTitle: Chief Operating OfficerDate: 12/17/2020

THE STATE OF COLORADO

§
§
§

COUNTY OF DENVER

This instrument was acknowledged before me on this 17th day of December, 2020,
by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy 2, LLC, a Delaware
corporation.



[Signature]
Notary Public in and for the State of Colorado
my commission expires 09/27/2023

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

LIST OF PARTIES TO FEDERAL COMMUNITIZATION AGREEMENT

Working Interest Owners:

Franklin Mountain Energy 2, LLC

Tract 1 – VB-2117-3

Lessee of Record:

Franklin Mountain Energy 2, LLC

Operating Rights Owner:

Franklin Mountain Energy 2, LLC

ORRI Owner(s):

Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Tract 2 – NMNM 101608

Lessee of Record per SRP:

COG Operating, LLC

Operating Rights Owner per SRP:

Franklin Mountain Energy 2, LLC

ORRI Owner(s):

Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

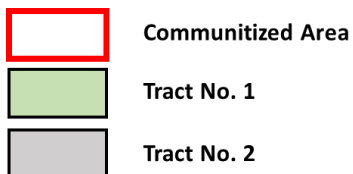
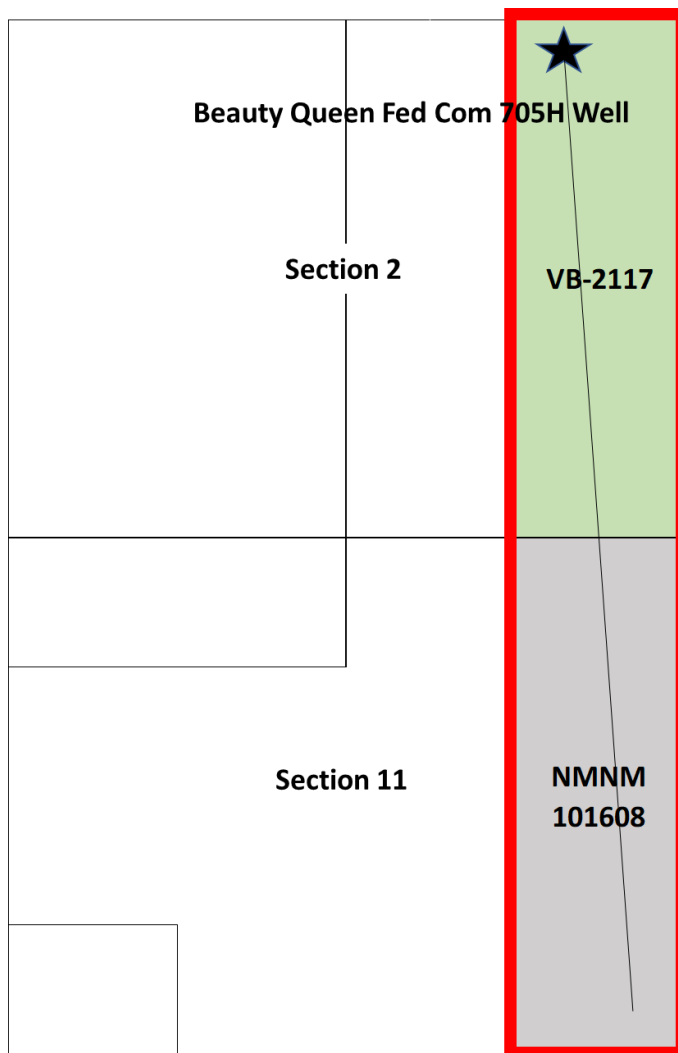
Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **320.81** acres, more or less, in the
E/2E/2 of Sections 2 & 11, Township 25 South, Range 35 East,
Lea County, New Mexico.

Well Name/No.

Beauty Queen Fed Com #705H



Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in E/2E/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: E/2E/2 (including Lot 1), TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 160.81 ACRES, MORE OR LESS****Lease No. 1**

Lease Date:	December 1, 2011
Lease Primary	Term: Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2117-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: E/2E/2 (including Lot 1) Lea County, New Mexico
Number of Acres:	160.81
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: E/2E/2 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 160.00 ACRES, MORE OR LESS**

Lease No. 2

Lease Date:	December 1, 1998
Lease Primary Term:	Ten (10) years
Recordation:	Book 2081, Page 572, Lea County Records
Lessor:	USA NMNM 101608
Original Lessee:	Robert E. Landreth
Current Lessee:	COG Operating, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: E/2E/2 Lea County, New Mexico
Number of Acres:	160.00
Royalty Rate:	12.5%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners: Of Record:	Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	160.81	50.126243%
2	160.00	49.873757%
Total	320.81	100.000000%

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

3160-9 – COMMUNITIZATION

Model Form of a Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT, entered into as of the **1st of October, 2020**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as “parties hereto.”

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as “communitized area”) are described as follows:

Township 25 South, Range 35 East, N.M.P.M.

Section 2: E/2W/2 (including Lot 3)

Section 11: E/2W/2

Lea County, New Mexico

Containing 320.87 acres, more or less, and this agreement shall include only the **Wolfcamp** Formation(s) underlying said lands and the oil and gas hereafter referred to as “communitized substances,” producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit “A”, a plat designating the communitized area and, Exhibit “B”, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

3. The operator of the communitized area shall be **Franklin Mountain Energy, LLC**, 44 Cook Street, Suite 1000, Denver, CO 80206. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

- considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
 10. The date of this agreement is **October 1, 2020** and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representatives, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interest of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
 12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and to assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

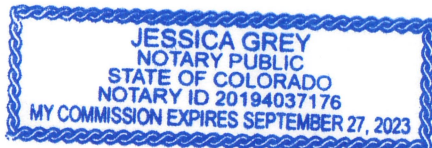
Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

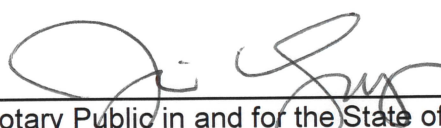
THE STATE OF COLORADO

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COUNTY OF DENVER

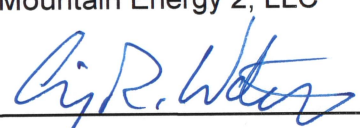
This instrument was acknowledged before me on this 17th day of December, 2020,
by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy, LLC, a Delaware
corporation.




Notary Public in and for the State of Colorado
my commission expires 09/27/2023

Working Interest Owner:

Franklin Mountain Energy 2, LLC

By: 

Name: Craig R. Walters

Title: Chief Operating Officer

Date: 12/17/2020

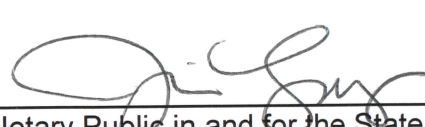
THE STATE OF COLORADO

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COUNTY OF DENVER

This instrument was acknowledged before me on this 17th day of December, 2020,
by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy 2, LLC, a Delaware
corporation.




Notary Public in and for the State of Colorado
my commission expires 09/27/2023

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

LIST OF PARTIES TO FEDERAL COMMUNITIZATION AGREEMENT**Working Interest Owners:**

Franklin Mountain Energy, LLC
 Franklin Mountain Energy 2, LLC
 Coert Holdings 1, LLC
 Chief Capital (O&G) II, LLC
 Warwick-Artemis, LLC

Tract 1 – VB-2121

Lessee of Record:

Operating Rights Owner:

ORRI Owner(s):

Franklin Mountain Energy 2, LLC
 Franklin Mountain Energy 2, LLC
 Franklin Mountain Royalty Investments, LLC; Cayuga
 Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC;
 Monticello Minerals, LLC

Tract 2 – NMNM 101608

Lessee of Record per SRP:

Operating Rights Owner per SRP:

ORRI Owner(s):

COG Operating, LLC
 Franklin Mountain Energy 2, LLC
 Franklin Mountain Royalty Investments, LLC; CrownRock
 Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II,
 LLC; Oak Valley Minerals and Land, LP

Tract 3- Multiple Fee Leases

Lessee of Record:

Unleased Mineral Owners: **

ORRI Owners:

Franklin Mountain Energy, LLC; Franklin Mountain Energy
 2, LLC; Warwick-Artemis, LLC; Chief Capital (O&G) II, LLC;
 Coert Holdings 1, LLC
 Various
 Franklin Mountain Royalty Investments, LLC; BC Operating,
 Inc.; Constitution Resources II, LP; Prevail Energy, LLC,
 Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga
 Royalties, LLC; Safemark Companies, LLC; COG
 Operating, LLC; OGX Royalty Fund, LP; Santo Royalty
 Company, LLC

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21403.**

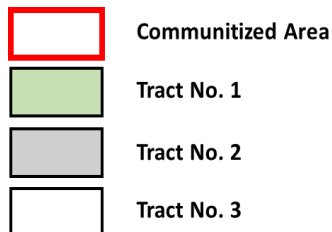
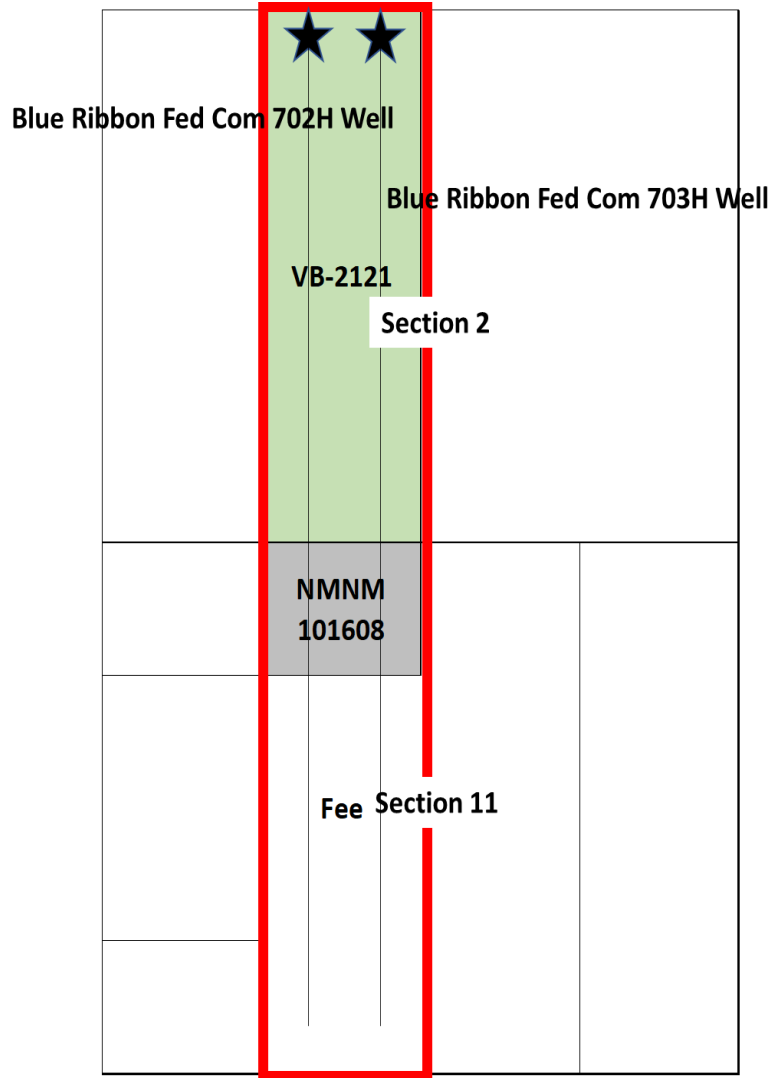
Blue Ribbon Fed Com 702H and 703H
 Wolfcamp Formation
 E2W2 Sections 2 & 11-25S-35E
 Lea County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **320.87** acres in the E/2W/2 of Sections 2 & 11, Township 25 South,
Range 35 East, Lea County, New Mexico.

Well Names/Nos.

Blue Ribbon Fed Com #702H and Blue Ribbon Fed Com #703H



Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in E/2W/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: E/2W/2 (including Lot 3), SECTION 2, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 160.87 ACRES, MORE OR LESS****Lease No. 1**

Lease Date:	December 1, 2011
Lease Primary Term:	Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2121-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: E/2W/2 (including Lot 3) Lea County, New Mexico
Number of Acres:	160.87
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: NE/4NW/4 OF SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 40.00 ACRES, MORE OR LESS**

Lease No. 2

Lease Date:	December 1, 1998
Lease Primary Term:	Ten (10) years
Recordation:	Book 2081, Page 573, Lea County Records
Lessor:	USA NMNM 101608
Original Lessee:	Robert E. Landreth
Current Lessee:	COG Operating, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: NE/4NW/4 Lea County, New Mexico
Number of Acres:	40.00
Royalty Rate:	12.5%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

TRACT NO. 3: SE/4NW/4, NE/4SW/4 AND SE/4SW/4 OF SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 120.00 ACRES, MORE OR LESS

Lease No. 3:	Multiple Fee Leases	
Lease Date:	Various	
Lease Primary Term:	Various	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: SE/4NW/4, NE/4SW/4 and SE/4SW/4 Lea County, New Mexico	
Number of Acres:	120.00	
Royalty Rate:	Varies	
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC -	18.3809523%
	Franklin Mountain Energy, LLC -	65.3873297%
	Warwick-Artemis, LLC -	3.125%
	Chief Capital (O&G) II, LLC -	6.775936%
	Coert Holdings 1, LLC -	2.0782307%
	Unleased Mineral Owners** -	4.525513%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; BC Operating, Inc.; Constitution Resources II, LP; Prevail Energy, LLC, Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC; Saefmark Companies, LLC; COG Operating, LLC; OGX Royalty Fund, LP; Santo Royalty Company, LLC	

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21403.**

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	160.87	50.135569%
2	40.00	12.466108%
3	120.00	37.398323%
Total	320.87	100.000000%

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20952
ORDER NO. R-21403**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 7/27/2020

CASE NO. 20952
ORDER NO. R-21403

Page 4 of 6

Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 320.87 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
E/2W/2 of Sections 2 and 11,
Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (Pool code WC-98187)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: None included

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

There are 2 Proposed Wells:**Blue Ribbon Fed Com 702H, API No. Pending**

SHL: 250 feet from the North line and 1355 feet from the West line,
(Lot 3) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 1740 feet from the West line,
(Unit N) of Section 11, Township 25 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp at approx 12,100 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

Blue Ribbon Fed Com 703H, API No. Pending

SHL: 675 feet from the North line and 2623 feet from the West line,
(Lot 3) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 2610 feet from the West line,
(Unit N) of Section 11, Township 25 South, Range 35 East, NMPM.

CASE NO. 20952
ORDER NO. R-21403

Page 5 of 6

Completion Target: Upper Wolfcamp at approx 11,950 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

CASE NO. 20952
ORDER NO. R-21403

Page 6 of 6

3160-9 – COMMUNITIZATION

Model Form of a Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT, entered into as of the **1st of October, 2020** by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as “parties hereto.”

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as “communitized area”) are described as follows:

Township 25 South, Range 35 East, N.M.P.M.

Section 2: W/2 (including Lots 3 & 4)

Section 11: W/2

Lea County, New Mexico

Containing 641.78 acres, more or less, and this agreement shall include only the **Bone Spring** Formation(s) underlying said lands and the oil and gas hereafter referred to as “communitized substances,” producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit “A”, a plat designating the communitized area and, Exhibit “B”, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

3. The operator of the communitized area shall be **Franklin Mountain Energy, LLC**, 44 Cook Street, Suite 1000, Denver, CO 80206. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and

County Fair Fed Com 602H
Bone Spring Formation
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considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **October 1, 2020** and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representatives, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interest of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and to assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

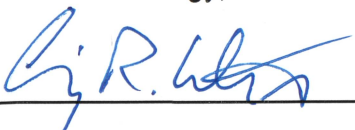
IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Statement of Written Consent by All Named Owners:

I, the undersigned, hereby certify, on behalf of Franklin Mountain Energy, LLC, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e. the lessees of record and operating right owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of Federal or Indian leases subject to the Communitization Agreement, and that the written consents of all the named owners have been obtained and will be made available to the BLM immediately upon request.

Operator & Working Interest Owner:

Franklin Mountain Energy, LLC

By: 

Name: Craig R. Walters

Title: Chief Operating Officer

Date: 12/17/2020

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

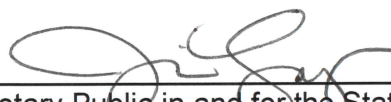
THE STATE OF COLORADO

§
§
§

COUNTY OF DENVER

This instrument was acknowledged before me on this 17th day of December, 2020,
by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy, LLC, a Delaware
corporation.





Notary Public in and for the State of Colorado
my commission expires 09/27/2023

Working Interest Owner:

Franklin Mountain Energy 2, LLC

By: _____

Name: Craig R. Walters

Title: Chief Operating Officer

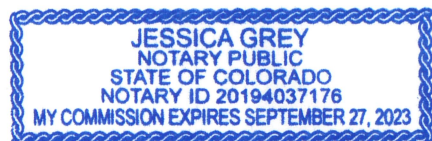
Date: 12/17/2020

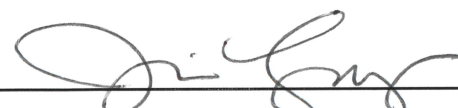
THE STATE OF COLORADO

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§
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COUNTY OF DENVER

This instrument was acknowledged before me on this 17th day of December, 2020,
by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy, LLC, a Delaware
corporation.



_____

Notary Public in and for the State of Colorado

my commission expires 09/27/2023

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

LIST OF PARTIES TO FEDERAL COMMUNITIZATION AGREEMENT**Working Interest Owners:**

Franklin Mountain Energy, LLC
 Franklin Mountain Energy 2, LLC
 Coert Holdings 1, LLC
 Chief Capital (O&G) II, LLC
 Warwick-Artemis, LLC

Tract 1 – VB-2121

Lessee of Record:

Operating Rights Owner:

ORRI Owner(s):

Franklin Mountain Energy 2, LLC
 Franklin Mountain Energy 2, LLC
 Franklin Mountain Royalty Investments, LLC; Cayuga
 Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC;
 Monticello Minerals, LLC

Tract 2 – NMNM 101608

Lessee of Record per SRP:

Operating Rights Owner per SRP:

ORRI Owner(s):

COG Operating, LLC
 Franklin Mountain Energy 2, LLC
 Franklin Mountain Royalty Investments, LLC; CrownRock
 Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II,
 LLC; Oak Valley Minerals and Land, LP

Tract 3- Multiple Fee Leases

Lessee of Record:

Unleased Mineral Owners: **

ORRI Owner(s):

Franklin Mountain Energy, LLC; Franklin Mountain Energy
 2, LLC; Warwick-Artemis, LLC; Chief Capital (O&G) II, LLC;
 Coert Holdings 1, LLC
 Various
 Franklin Mountain Royalty Investments, LLC; BC Operating,
 Inc.; Constitution Resources II, LP; Prevail Energy, LLC,
 Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga
 Royalties, LLC; Safemark Companies, LLC; COG
 Operating, LLC; OGX Royalty Fund, LP; Santo Royalty
 Company, LLC

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21402.**

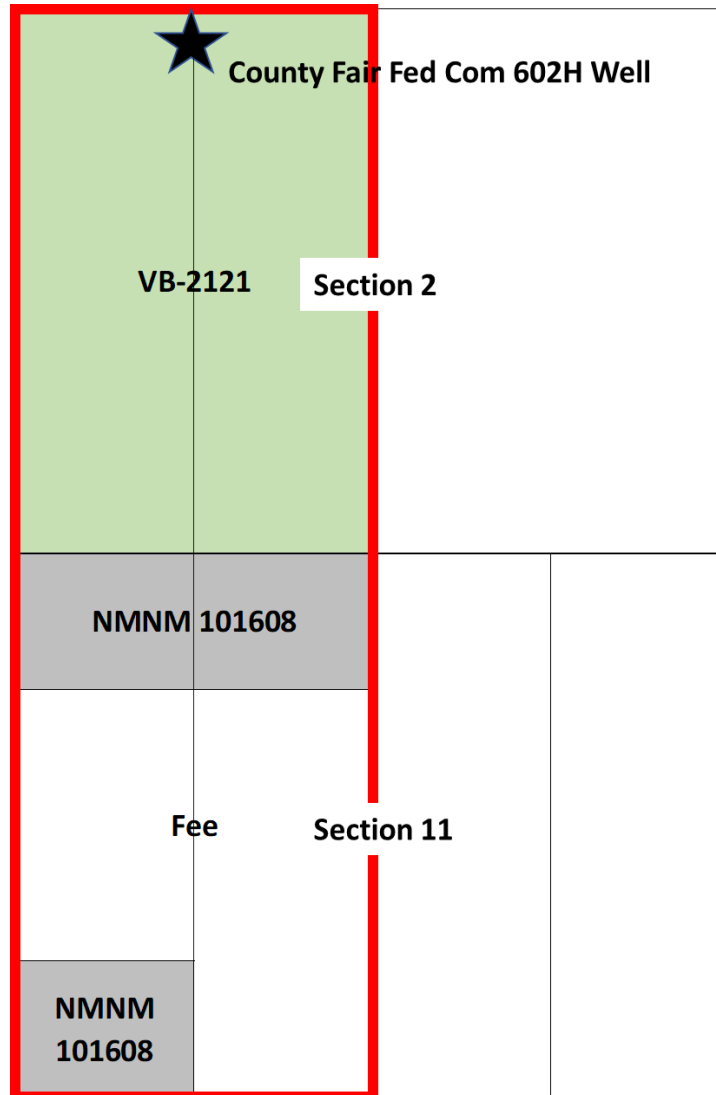
County Fair Fed Com 602H
 Bone Spring Formation
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 Lea County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **641.78** acres, more or less, in the
W/2 of Sections 2 & 11, Township 25 South, Range 35 East,
Lea County, New Mexico.

Well Name/No.

County Fair Fed Com #602H



Communitized Area



Tract No. 1



Tract No. 2



Tract No. 3

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in W/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: W/2 (including Lots 3 & 4), SECTION 2, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 321.78 ACRES, MORE OR LESS****Lease No. 1**

Lease Date:	December 1, 2011
Lease Primary Term:	Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2121
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: W/2 (including Lots 3 & 4) Lea County, New Mexico
Number of Acres:	321.78
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: N/2NW/4 AND SW/4SW/4, SECTION 11, TOWNSHIP 25 SOUTH,
RANGE 35 EAST, CONTAINING 120.00 ACRES, MORE OR LESS**Lease No. 2

Lease Date:	December 1, 1998
Lease Primary Term:	Ten (10) years
Recordation: Book	2081, Page 573, Lea County Records
Lessor:	USA NMNM 101608
Original Lessee:	Robert E. Landreth
Current Lessee:	COG Operating, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: N/2NW/4 and SW/4SW/4 Lea County, New Mexico
Number of Acres:	120.00
Royalty Rate:	12.5%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

TRACT NO. 3: S/2NW/4, N/2SW/4 AND SE/4SW/4 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 200.00 ACRES, MORE OR LESS

Lease No. 3:	Multiple Fee Leases	
Lease Date:	Various	
Lease Primary Term:	Various	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: S2NW4, N2SW4, SE/4SW/4 Lea County, New Mexico	
Number of Acres:	200.00	
Royalty Rate:	Various	
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC -	22.6315476%
	Franklin Mountain Energy, LLC -	58.0332482%
	Warwick-Artemis, LLC -	3.75%
	Chief Capital (O&G) II, LLC -	8.1311232%
	Coert Holdings 1, LLC -	2.4938768%
	Unleased Mineral Owners** -	4.9602044%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; BC Operating, Inc.; Constitution Resources II, LP; Prevail Energy, LLC, Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC; Saefmark Companies, LLC; COG Operating, LLC; OGX Royalty Fund, LP; Santo Royalty Company, LLC	

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21402.**

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	321.78	50.138677%
2	120.00	18.697996%
3	200.00	31.163327%
Total	641.78	100.000000%

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20951
ORDER NO. R-21402**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 20951
ORDER NO. R-21402

Page 2 of 5

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: Jul 27, 2020

CASE NO. 20951
ORDER NO. R-21402

Page 4 of 5

Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 640 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:

W/2 of Sections 2 and 11,
Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Bone Spring Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502B; LWR BONE (Pool code 98185)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: Yes
Proximity Defining Well: Well No. 602H is to be drilled closer than 330 feet from the Proximity Tracts and therefore defines the Horizontal Spacing Unit.

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

The Following Well is Proposed:**County Fair Federal 602H Well, API No. Pending**

SHL: 250 feet from the North line and 1320 feet from the West line,
(Lot 4) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 1200 feet from the West line,
(Unit M) of Section 11, Township 25 South, Range 35 East, NMPM.

Completion Target: 3rd Bone Spring Sand at approx 11,850 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

3160-9 – COMMUNITIZATION

Model Form of a Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT, entered into as of the **1st of October, 2020** by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as “parties hereto.”

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as “communitized area”) are described as follows:

Township 25 South, Range 35 East, N.M.P.M.

Section 2: W/2W/2 (including Lot 4)

Section 11: W/2W/2

Lea County, New Mexico

Containing 320.91 acres, more or less, and this agreement shall include only the **Wolfcamp** Formation(s) underlying said lands and the oil and gas hereafter referred to as “communitized substances,” producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit “A”, a plat designating the communitized area and, Exhibit “B”, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

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3. The operator of the communitized area shall be **Franklin Mountain Energy, LLC**, 44 Cook Street, Suite 1000, Denver, CO 80206. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and

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considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **October 1, 2020** and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representatives, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interest of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and to assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

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13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

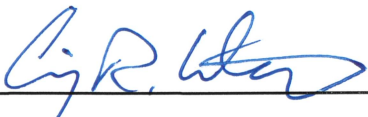
IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Statement of Written Consent by All Named Owners:

I, the undersigned, hereby certify, on behalf of Franklin Mountain Energy, LLC, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e. the lessees of record and operating right owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of Federal or Indian leases subject to the Communitization Agreement, and that the written consents of all the named owners have been obtained and will be made available to the BLM immediately upon request.

Operator & Working Interest Owner:

Franklin Mountain Energy, LLC

By: 

Name: Craig R. Walters

Title: Chief Operating Officer

Date: 12/17/2020

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Wolfcamp Formation
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Lea County, New Mexico

THE STATE OF COLORADO

§
§
§

COUNTY OF DENVER

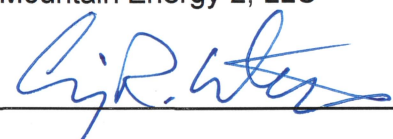
This instrument was acknowledged before me on this 17th day of December, 2020, by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy, LLC, a Delaware corporation.




Notary Public in and for the State of Colorado
my commission expires 09/27/2023

Working Interest Owner:

Franklin Mountain Energy 2, LLC

By: 

Name: Craig R. Walters

Title: Chief Operating Officer

Date: 12/17/2020

THE STATE OF COLORADO

§
§
§

COUNTY OF DENVER

This instrument was acknowledged before me on this 17th day of December, 2020, by Craig R. Walters, as Chief Operating Officer of Franklin Mountain Energy, LLC, a Delaware corporation.




Notary Public in and for the State of Colorado
my commission expires 09/27/2023

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LIST OF PARTIES TO FEDERAL COMMUNITIZATION AGREEMENT**Working Interest Owners:**

Franklin Mountain Energy, LLC
 Franklin Mountain Energy 2, LLC
 Coert Holdings 1, LLC
 Chief Capital (O&G) II, LLC
 Warwick-Artemis, LLC

Tract 1 – VB-2121-3

Lessee of Record:

Franklin Mountain Energy 2, LLC

Operating Rights Owner:

Franklin Mountain Energy 2, LLC

ORRI Owner(s):

Franklin Mountain Royalty Investments, LLC; Prevail Energy, LLC; Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC

Tract 2 – NMNM 101608

Lessee of Record per SRP:

COG Operating, LLC

Operating Rights Owner per SRP:

Franklin Mountain Energy 2, LLC

ORRI Owner(s):

Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

Tract 3- Multiple Fee Leases

Lessee of Record:

Franklin Mountain Energy, LLC; Franklin Mountain Energy 2, LLC; Coert Holdings 1, LLC; Chief Capital (O&G) II, LLC; Warwick-Artemis, LLC

Unleased Mineral Owners: **

Various

ORRI Owners:

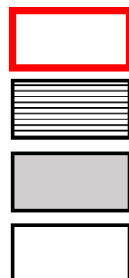
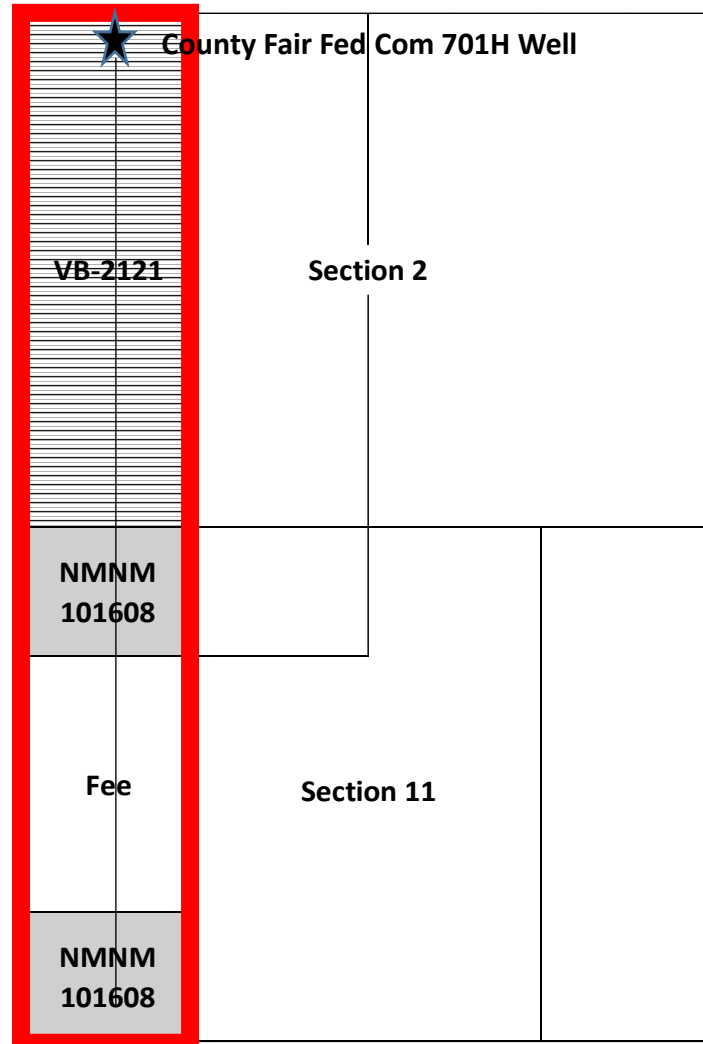
Franklin Mountain Royalty Investments, LLC; Constitution Resources II, LP; Prevail energy, LLC; Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC; Safemark Companies, LLC; COG Operating, LLC; OGX Royalty Fund, LP; Santo Royalty Company, LLC

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21404.**

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Plat of communitized area covering **320.91** acres, more or less, in the
W/2W/2 of Sections 2 & 11, Township 25 South, Range 35 East,
Lea County, New Mexico.

County Fair Fed Com #701H



Tract No. 3

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Wolfcamp Formation
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EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in W/2W/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: W/2W/2 (including Lot 4), SECTION 2, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 160.91 ACRES, MORE OR LESS****Lease No. 1**

Lease Date:	December 1, 2011
Lease Primary Term:	Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2121-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: Lot 4, SW/4NW/4 and W/2SW/4 Lea County, New Mexico
Number of Acres:	160.91
Royalty Rates:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; Prevail Energy, LLC; Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC

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W2W2 Sections 2 & 11-25S-35E
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**TRACT NO. 2: NW/4NW/4 AND SW/4SW/4 SECTION 11, TOWNSHIP 25 SOUTH,
RANGE 35 EAST, CONTAINING 80.00 ACRES, MORE OR LESS**Lease No. 2

Lease Date:	December 1, 1998
Lease Primary Term:	Ten (10) years
Recordation:	Book 2081, Page 573, Lea County Records
Lessor:	USA NMNM 101608
Original Lessee:	Robert E. Landreth
Current Lessee:	COG Operating, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: NW/4NW/4 and SW/4SW/4 Lea County, New Mexico
Number of Acres:	80.00
Royalty Rate:	12.5%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

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**TRACT NO. 3: SW/4NW/4 and NW/4SW/4, SECTION 11, TOWNSHIP 25 SOUTH,
RANGE 35 EAST, CONTAINING 80.00 ACRES, MORE OR LESS**

Lease No. 3:	Multiple Fee Leases	
Lease Date:	Varies	
Lease Primary Term:	Varies	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: SW/4NW/4 and NW/4SW/4 Lea County, New Mexico	
Number of Acres:	80.00	
Royalty Rate:	Varies	
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC -	20.049104%
	Franklin Mountain Energy, LLC -	55.960459%
	Warwick-Artemis, LLC -	4.6875%
	Chief Capital (O&G) II, LLC -	10.163904%
	Coert Holdings 1, LLC -	3.117346%
	Unleased Mineral Owners** -	6.021684%
ORRI Owners:	Franklin Mountain Royalty Investments, LLC; Constitution Resources II, LP; Prevail energy, LLC; Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC; Safemark Companies, LLC; COG Operating, LLC; OGX Royalty Fund, LP; Santo Royalty Company, LLC	

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21404.**

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Wolfcamp Formation
W2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	160.91	50.1417843%
2	80.00	24.9291079%
3	80.00	24.9291078%
Total	320.91	100.000000%

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Wolfcamp Formation
W2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20953
ORDER NO. R-21404**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 7/27/2020

CASE NO. 20953
ORDER NO. R-21404

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Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 320.91 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
W2W/2 of Sections 2 and 11,
Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (Pool code WC-98187)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: None included

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

The Following Well is Proposed:**County Fair Fed Com 701H, API No. Pending**

SHL: 250 feet from the North line and 1285 feet from the West line,
(Lot 4) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 350 feet from the West line,
(Unit M) of Section 11, Township 25 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp at approx 12,160 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**

Revised Feb. 2013

**ONLINE Version
COMMUNITIZATION AGREEMENT**

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

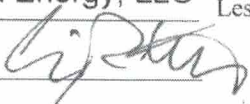
Subdivisions Sec 2: E/2 (Including Lots 1 & 2); Sec 11: E/2,
Sect 2, 11, T 25S, R 35E, NMPM Lea County NM
containing 641.66 acres, more or less, and this agreement shall include only the
Bone Spring Formation
underlying said lands and the oil and gas (hereinafter
referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is October 1st 2020 Month 1st Day, 2020 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	Franklin Mountain Energy, LLC	Lessees of Record	Franklin Mountain Energy, LLC
By	Craig R. Walters		Franklin Mountain Energy 2, LLC
			
	Print name of person		
	Chief Operating Officer		
	Type of authority		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>COG Operating, LLC</u>
By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____
DATEBy _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of Colorado _____)County of Denver _____) SS)This instrument was acknowledged before me on December 17, 2020
DATEBy Craig R. Walters _____

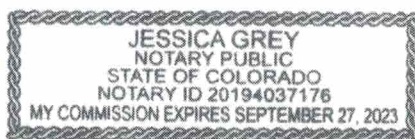
Name(s) of Person(s)

as Chief Operating Officerof Franklin Mountain Energy, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

_____
Signature of Notarial OfficerMy commission expires: SEP. 27, 2023

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of Colorado _____)County of Denver _____) SS)This instrument was acknowledged before me on December 17, 2020

DATE

By Craig R. Walters _____

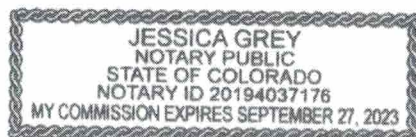
Name(s) of Person(s)

as Chief Operating Officerof Franklin Mountain Energy 2, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)



Signature of Notarial Officer

My commission expires: SEP. 27, 2023

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

as _____ of **COG Operating, LLC**

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

To Communitization Agreement dated October 1, 2020

Plat of communitized area covering the:

Subdivisions Sec 2: E/2 (including Lots 1 & 2); Sec 11: E/2,
 of Sect. 2, 11, T 25S, R 35E, NMPM, Lea County, NM.

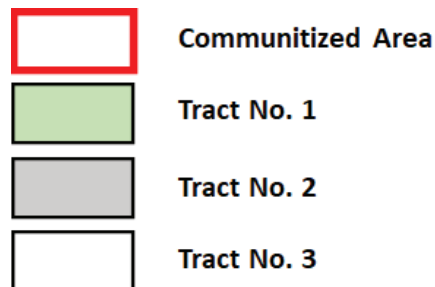
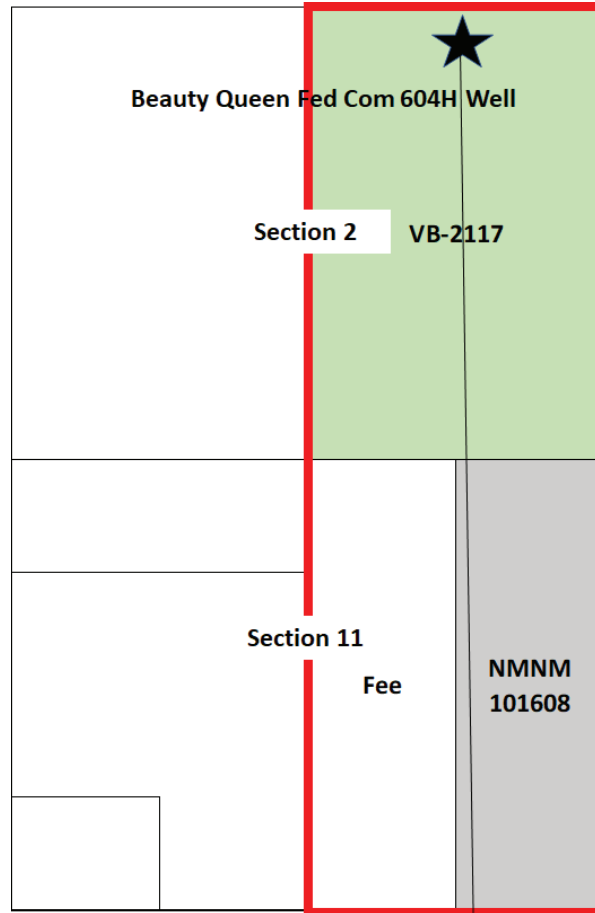


EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in E/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED

TRACT NO. 1: LOTS 1 & 2, SE/4NE/4, SW/4NE/4, E/2SE/4 AND W/2SE/4 SECTION 2, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 321.66 ACRES, MORE OR LESS

Lease No. 1

Lease Date:	December 1, 2011
Lease Primary Term:	Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2117-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: Lots 1 & 2, S/2NE/4 & SE/4 Lea County, New Mexico
Number of Acres:	321.66
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Beauty Queen Fed Com 604H
 Bone Spring Formation
 E/2 Sections 2 & 11-25S-35E
 Lea County, New Mexico

**TRACT NO. 2: E/2E/2 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 160.00 ACRES, MORE OR LESS**

Lease No. 2

Lease Date:	December 1, 1998
Lease Primary Term:	Ten (10) years
Recordation:	Book 2081, Page 572, Lea County Records
Lessor:	USA NMNM 101608
Original Lessee:	Robert E. Landreth
Current Lessee:	COG Operating, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: E/2E/2 Lea County, New Mexico
Number of Acres:	160.00
Royalty Rate:	12.5%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

**TRACT NO. 3: W/2E/2 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 160.00 ACRES, MORE OR LESS**

Lease No. 3:	Multiple Fee Leases
Lease Date:	Various
Lease Primary Term:	Various
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: W/2E/2 Lea County, New Mexico
Number of Acres:	160.00
Royalty Rate:	Various
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC - 84.7944518% Franklin Mountain Energy, LLC - 1.1281625% Unleased Mineral Owners** - 14.0773813%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; BC Operating, Inc.; Constitution Resources II, LP

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21170, then amended by compulsory pooling Order R-21170-A.**

Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	321.66	50.129352%
2	160.00	24.935324%
3	160.00	24.935324%
Total	641.66	100.000000%

Beauty Queen Fed Com 604H
Bone Spring Formation
E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20982
ORDER NO. R-21170**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on January 9, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.

CASE NO. 20982
ORDER NO. R-21170

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20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.
21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well

CASE NO. 20982
ORDER NO. R-21170

Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978,

CASE NO. 20982
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Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

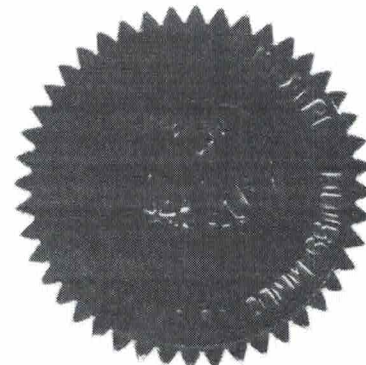
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR

AS/jag

Date: February 26, 2020



CASE NO. 20982
ORDER NO. R-21170

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Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 20982	APPLICANT'S RESPONSE
Date January 9, 2020	
Applicant	Franklin Mountain Energy, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy, LLC (373910)
Applicant's Counsel:	Deana M. Bennett/Modrall Spering
Case Title:	Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Tap Rock Resources, LLC
Well Family	Carnival: Parade State 603H & Beauty Queen Fed Com 604H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	WC-025 G-09 S2S3502B, Lower Bone Spring, Pool Code 98185
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	640 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	The completed interval for the Beauty Queen Fed Com 604H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.
Proximity Defining Well: If yes, description	Beauty Queen Fed Com 604H
Applicant's Ownership in Each Tract	Exhibit A (Landman's affidavit page 2); Exhibit A-3 (page 16)
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed

CASE NO. 20982
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Well #1	Parade State 603H, API Pending SHL: 675 feet from the North line and 2624 feet from the East line (Lot 2), Section 2, Township 25 South, Range 35 East, NMPM. BHL: 150 feet from the South line and 2580 feet from the East line (Unit O), Section 11, Township 25 South, Range 35 East, NMPM. Completion Target: Third Bone Spring Sand at approximate 11,790' TVD. Well Orientation: South to North Completion location: Expected to be non-standard. Non-standard location approval application submitted. See also C-102: Exhibit A-2 page 12.
Well #2	Beauty Queen Fed Com 604H, API Pending SHL: 321 feet from the North line and 1320 feet from the East line (Lot 1), Section 2, Township 25 South, Range 35 East, NMPM. BHL: 150 feet from the South line and 1080 feet from the East line (Unit P), Section 11, Township 25 South, Range 35 East, NMPM. Completion Target: Third Bone Spring Sand at approximate 11,730' TVD. Well Orientation: South to North Completion location: Expected to be standard. See also C-102: Exhibit A-2 page 13.
Horizontal Well First and Last Take Points	Parade State 603H: Proposed first take point 793' FNL and 2566' FEL and the proposed last take point is 150' FSL and 2580' FEL. Beauty Queen Fed Com 604: Proposed first take point is 689' FNL and 1076' FEL and the proposed last take point is 150' FSL and 1080' FEL. See also Exhibit A-2 page 14.
Completion Target (Formation, TVD and MD)	See Proposal Letters Exhibit A-4, Pages 19-24.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000: See also Proposal Letters Exhibit A-4, Pages 19-24.
Production Supervision/Month \$	\$700: See also Proposal Letters Exhibit A-4, Pages 19-24.
Justification for Supervision Costs	See AFEs Exhibits A-5, pages 25-26.
Requested Risk Charge	200%: See also Proposal Letters Exhibit A-4, Pages 19-24.
Notice of Hearing	
Proposed Notice of Hearing	A-6, specifically pages 28-33.
Proof of Mailed Notice of Hearing (20 days before hearing)	A-6, specifically pages 34-37.
Proof of Published Notice of Hearing (10 days before hearing)	A-6, specifically page 38.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	A-3 (page 15)

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Tract List (including lease numbers and owners)	A-3 (page 16-17)
Pooled Parties (including ownership type)	A-3 (page 16-17)
Unlocatable Parties to be Pooled	A-3 (page 17)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	A-4 (pages 19-24)
List of Interest Owners (ie Exhibit A of JOA)	A-3 (page 16-17)
Chronology of Contact with Non-Joined Working Interests	N/A: no unjoined working interest owners but see page p. 18 for summary of contacts with unleased mineral interest owners.
Overhead Rates in Proposal Letter	A-4 (specifically pages 19 & 22)
Cost Estimate to Drill and Complete	A-4 (specifically pages 19 & 22 for total costs); A-5 (pages 25-26: AFEs)
Cost Estimate to Equip Well	A-4 (specifically pages 19 & 22 for total costs); A-5 (pages 25-26: AFEs)
Cost Estimate for Production Facilities	A-4 (specifically pages 19 & 22 for total costs); A-5 (pages 25-26: AFEs)
Geology	
Summary (including special considerations)	Exhibit B, pages 39-42
Spacing Unit Schematic	A-1-B (page 11)
Gunbarrel/Lateral Trajectory Schematic	B-8 (page 44)
Well Orientation (with rationale)	B-10 (Page 50)
Target Formation	B-9-C (page 48)
HSU Cross Section	B-9-C (page 48)
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	A-2 (pages 12 & 13)
Tracts	A-3 (page 15-17)
Summary of Interests, Unit Recapitulation (Tracts)	A-3 (page 16-17)
General Location Map (including basin)	B-7 (page 43)
Well Bore Location Map	A-1-B (page 11)
Structure Contour Map - Subsea Depth	B-9-A (page 46)
Cross Section Location Map (including wells)	B-9-B (page 47)
Cross Section (including Landing Zone)	B-9-C (page 48)
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
Signed Name (Attorney or Party Representative):	Deana M. Bennett
Date:	1/7/2020

CASE NO. 20982
ORDER NO. R-21170

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION TO
AMEND ORDER NO. R-21170 BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 21510
ORDER NO. R-21170-A**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order ("Order"):

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC ("Operator") applied to conform Order R-21170 ("Existing Order") issued in Case No. 20982 with the Division's recently amended order template ("Amended Template"), to extend the time to drill the initial well, and to remove the Parade State 603H well.
2. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Application was given.
3. Operator is in good standing under OCD's rules.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law and amends the remaining paragraphs in the Existing Order as stated below.

ORDER

9. The period to drill the well is extended until February 26, 2022.

10. This Order shall terminate automatically if Operator fails to comply with Paragraph 9 unless prior to termination Operator applies, and OCD grants, to amend Order R-21170 for good cause shown.
11. The uncommitted interests in the Unit are pooled as set forth in Amended Exhibit A appended to this Order and incorporated by reference herein.
12. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
13. Operator is designated as operator of the Unit and the Well(s).
14. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
15. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
16. This Order shall terminate automatically if Operator fails to comply with Paragraph 15 unless Operator obtains an extension by an amendment of this Order for good cause shown.
17. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
18. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
19. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
20. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working

CASE NO. 21510
ORDER NO. R-21170-A

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Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

21. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
22. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
23. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
24. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
25. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
26. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
27. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled

Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

28. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
29. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
30. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
31. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 11/13/2020

CASE NO. 21510
ORDER NO. R-21170-A

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Amended Exhibit A

AMENDED COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21510 (Re-opened Order R-21170)	APPLICANT'S RESPONSE
Date November 5, 2020	Amended Checklist Only to Remove Parade State 603H Well
Applicant	Franklin Mountain Energy, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy, LLC (373910)
Applicant's Counsel:	Deana M. Bennett/Modrall Spering
Case Title:	Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Tap Rock Resources, LLC
Well Family	Carnival: Beauty Queen Fed Com 604H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	WC-025 G-09 S253502B, Lower Bone Spring, Pool Code 98185
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	640 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	The completed interval for the Beauty Queen Fed Com 604H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.
Proximity Defining Well: if yes, description	Beauty Queen Fed Com 604H
Applicant's Ownership in Each Tract	Exhibit A (Landman's affidavit page 2); Exhibit A-3 (page 16)
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed



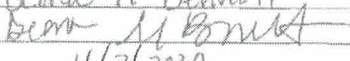
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Well #1	Beauty Queen Fed Com 604H, API Pending SHL: 321 feet from the North line and 1320 feet from the East line (Lot 1), Section 2, Township 25 South, Range 35 East, NMPM. BHL: 150 feet from the South line and 1080 feet from the East line (Unit P), Section 11, Township 25 South, Range 35 East, NMPM. Completion Target: Third Bone Spring Sand at approximate 11,730' TVD. Well Orientation: South to North Completion location: Expected to be standard. See also C-102: Exhibit A-2 page 13.
Horizontal Well First and Last Take Points	Beauty Queen Fed Com 604: Proposed first take point is 689' FNL and 1076' FEL and the proposed last take point is 150' FSL and 1080' FEL. See also Exhibit A-2 page 14.
Completion Target (Formation, TVD and MD)	See Proposal Letters Exhibit A-4, Pages 19-24.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000: See also Proposal Letters Exhibit A-4, Pages 19-24.
Production Supervision/Month \$	\$700: See also Proposal Letters Exhibit A-4, Pages 19-24.
Justification for Supervision Costs	See AFEs Exhibits A-5, pages 25-26.
Requested Risk Charge	200%: See also Proposal Letters Exhibit A-4, Pages 19-24.
Notice of Hearing	
Proposed Notice of Hearing	A-6, specifically pages 28-33.
Proof of Mailed Notice of Hearing (20 days before hearing)	A-6, specifically pages 34-37.
Proof of Published Notice of Hearing (10 days before hearing)	A-6, specifically page 38.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	A-3 (page 15)
Tract List (including lease numbers and owners)	A-3 (page 16-17)
Pooled Parties (including ownership type)	A-3 (page 16-17)

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Unlocatable Parties to be Pooled	A-3 (page 17)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	A-4 (pages 19-24)
List of Interest Owners (ie Exhibit A of JOA)	A-3 (page 16-17)
Chronology of Contact with Non-Joined Working Interests	N/A; no unjoined working interest owners but see page p. 18 for summary of contacts with unleased mineral interest owners.
Overhead Rates in Proposal Letter	A-4 (specifically pages 19 & 22)
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Well Bore Location Map	A-1-B (page 11)
Structure Contour Map - Subsea Depth	B-9-A (page 46)
Cross Section Location Map (including wells)	B-9-B (page 47)
Cross Section (including Landing Zone)	B-9-C (page 48)
Additional Information	Amended November 3, 2020 to remove Parade State 603H Well.
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dena M. Bennett
Signed Name (Attorney or Party Representative):	
Date:	11/3/2020

CASE NO. 21510
ORDER NO. R-21170-A

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**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**
Revised Feb. 2013

ONLINE Version
COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions Section 2: E/2E/2 (including Lot 1); Section 11: E/2E/2,

Sect 2, 11, T 25S, R 35E, NMPM Lea County NM

containing 320.81 acres, more or less, and this agreement shall include only the

Wolfcamp Formation

underlying said lands and the oil and gas (hereinafter

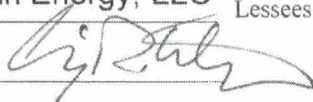
referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is October 1 2020 Month Day, Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>Franklin Mountain Energy 2, LLC</u>
By	<u>Craig R. Walters</u>		
			
	Print name of person		
	Chief Operating Officer		
	Type of authority		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	Franklin Mountain Energy, LLC	Lessees of Record	COG Operating, LLC
By	Craig R. Walters		
	Print name of person		
	Chief Operating Officer		
	Type of authority		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

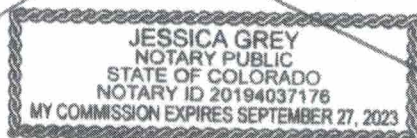
Acknowledgment in an Individual CapacityState of Colorado)County of Denver) SS)This instrument was acknowledged before me on December 17, 2020

DATE

By Craig R. Walters

Name(s) of Person(s)

(Seal)



Signature of Notarial Officer

My commission expires: SEP. 27, 2023**Acknowledgment in a Representative Capacity**State of Colorado)County of Denver) SS)This instrument was acknowledged before me on December 17, 2020

DATE

By Craig R. Walters

Name(s) of Person(s)

as Chief Operating Officerof Franklin Mountain Energy, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)



Signature of Notarial Officer

My commission expires: SEP. 27, 2023

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of Colorado _____)County of Denver _____) SS)This instrument was acknowledged before me on December 17, 2020

DATE

By Craig R. Walters _____

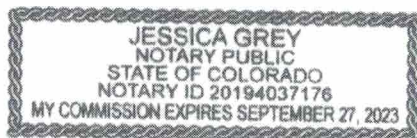
Name(s) of Person(s)

as Chief Operating Officerof Franklin Mountain Energy 2, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)




 Signature of Notarial Officer
My commission expires: SEP. 27, 2023

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

as _____ of COG Operating, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

To Communitization Agreement dated October 1, 2020

Plat of communitized area covering the:

Subdivisions Section 2: E/2E/2 (including Lot 1); Section 11: E/2E/2,
of Sect. 2, 11, T 25S, R 35E, NMPM, Lea County, NM.

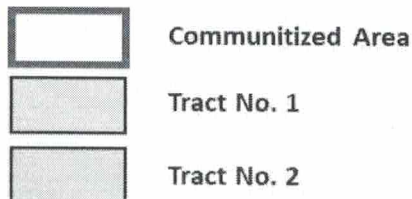
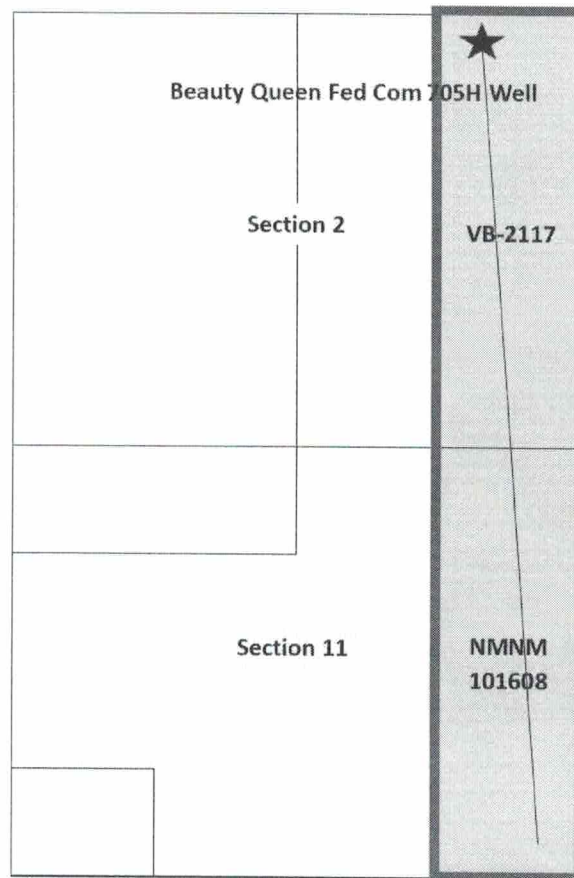


EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in E/2E/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: LOT 1, SE/4NE/4 AND E/2SE/4 TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 160.81 ACRES, MORE OR LESS****Lease No. 1**

Lease Date:	December 1, 2011
Lease Primary	Term: Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2117-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: Lots 1, SE/4NE/4, and E/2SE/4 Lea County, New Mexico
Number of Acres:	160.81
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: E/2E/2 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 160.00 ACRES, MORE OR LESS**Lease No. 2

Lease Date:	December 1, 1998
Lease Primary Term:	Ten (10) years
Recordation:	Book 2081, Page 572, Lea County Records
Lessor:	USA NMNM 101608
Original Lessee:	Robert E. Landreth
Current Lessee:	COG Operating, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: E/2E/2 Lea County, New Mexico
Number of Acres:	160.00
Royalty Rate:	12.5%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	160.81	50.126243%
2	160.00	49.873757%
Total	320.81	100.000000%

Beauty Queen Fed Com 705H
Wolfcamp Formation
E/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**

Revised Feb. 2013

ONLINE Version
COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

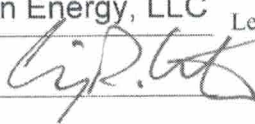
Subdivisions Section 2: E/2W/2 (including Lot 3); Section 11: E/2W/2,
Sect 2, 11, T 25S, R 35E, NMPM Lea County NM
containing 320.87 acres, more or less, and this agreement shall include only the
Wolfcamp Formation
underlying said lands and the oil and gas (hereinafter
referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is October 1 2020 Month 1 Day, 2020 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	Franklin Mountain Energy, LLC	Lessees of Record	Franklin Mountain Energy, LLC
By	Craig R. Walters		Franklin Mountain Energy 2, LLC
			
	Print name of person		
	Chief Operating Officer		
	Type of authority		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
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IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>Chief Capital (O&G) II, LLC</u>
By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>Coert Holdings 1, LLC</u>
By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>COG Operating, LLC</u>
By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

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13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>Warwick-Artemis, LLC</u>
By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative CapacityState of Colorado _____)County of Denver _____) SS)This instrument was acknowledged before me on December 17, 2020

DATE

By Craig R. Walters _____

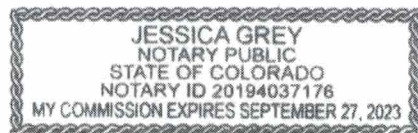
Name(s) of Person(s)

as Chief Operating Officerof Franklin Mountain Energy, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

_____
Signature of Notarial OfficerMy commission expires: SEP. 27, 2023

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____
DATEBy _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

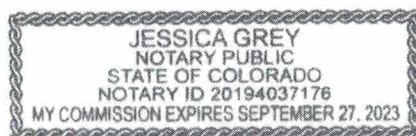
My commission expires: _____

Acknowledgment in a Representative CapacityState of Colorado _____)County of Denver _____) SS)This instrument was acknowledged before me on December 17, 2020
DATEBy Craig R. Walters
Name(s) of Person(s)as Chief Operating Officerof Franklin Mountain Energy 2, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

_____
Signature of Notarial OfficerMy commission expires: SEP. 27, 2023

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS)}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS)}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of **Chief Capital (O&G) II, LLC**

Type of authority, e.g., officer, trustee, etc _____ Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS)}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS)}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of Coert Holdings 1, LLC

Type of authority, e.g., officer, trustee, etc _____ Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of **COG Operating, LLC**

Type of authority, e.g., officer, trustee, etc Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS)}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS)}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of Warwick-Artemis, LLC

Type of authority, e.g., officer, trustee, etc _____ Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

To Communitization Agreement dated October 1st, 2020

Plat of communitized area covering the:

Subdivisions Section 2: E/2W/2 (including Lot 3); Section 11: E/2W/2,

of Sect. 2,11, T25S, R35E, NMPM, Lea County, NM.

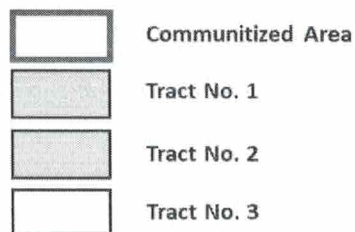
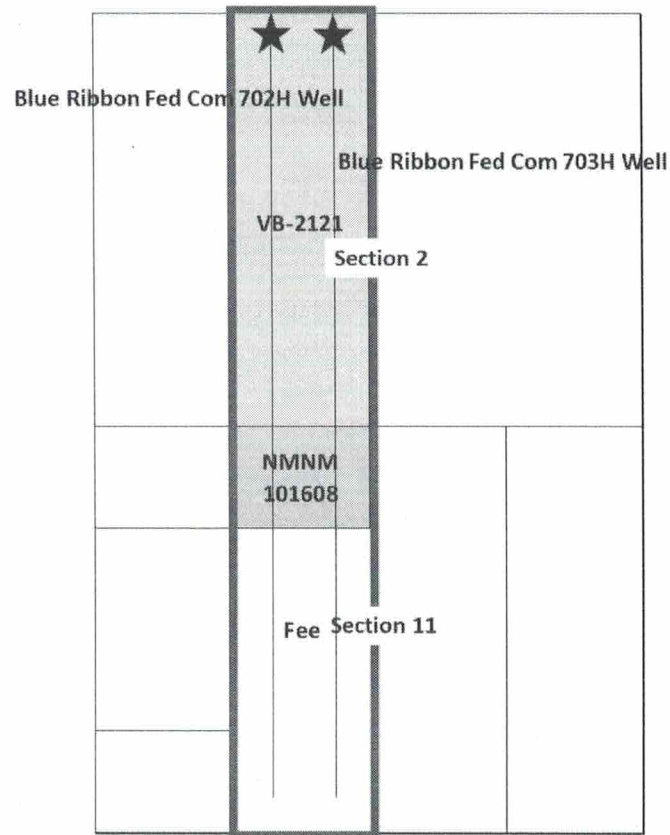


EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in E/2W/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: LOT 3, SE/4NW/4 AND E/2SW/4 OF SECTION 2, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 160.87 ACRES, MORE OR LESS****Lease No. 1**

Lease Date:	December 1, 2011
Lease Primary Term:	Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2121-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: Lot 3, SE/4NW/4, E/2SW/4 Lea County, New Mexico
Number of Acres:	160.87
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: NE/4NW/4 OF SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 40.00 ACRES, MORE OR LESS**Lease No. 2

Lease Date:	December 1, 1998
Lease Primary Term:	Ten (10) years
Recordation:	Book 2081, Page 573, Lea County Records
Lessor:	USA NMNM 101608
Original Lessee:	Robert E. Landreth
Current Lessee:	COG Operating, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: NE/4NW/4 Lea County, New Mexico
Number of Acres:	40.00
Royalty Rate:	12.5%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

TRACT NO. 3: SE/4NW/4, NE/4SW/4 AND SE/4SW/4 OF SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 120.00 ACRES, MORE OR LESS

<u>Lease No. 3:</u>	Multiple Fee Leases	
Lease Date:	Various	
Lease Primary Term:	Various	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: SE/4NW/4, NE/4SW/4 and SE/4SW/4 Lea County, New Mexico	
Number of Acres:	120.00	
Royalty Rate:	Various	
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC -	18.3809523%
	Franklin Mountain Energy, LLC -	65.3873297%
	Warwick-Artemis, LLC -	3.125%
	Chief Capital (O&G) II, LLC -	6.775936%
	Coert Holdings 1, LLC -	2.0782307%
	Unleased Mineral Owners** -	4.525513%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; BC Operating, Inc.; Constitution Resources II, LP; Prevail Energy, LLC, Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC; Saefmark Companies, LLC; COG Operating, LLC; OGX Royalty Fund, LP; Santo Royalty Company, LLC	

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21403.**

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	160.87	50.135569%
2	40.00	12.466108%
3	120.00	37.398323%
Total	320.87	100.000000%

Blue Ribbon Fed Com 702H and 703H
Wolfcamp Formation
E2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20952
ORDER NO. R-21403**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 7/27/2020

CASE NO. 20952
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Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 320.87 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
E/2W/2 of Sections 2 and 11,
Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (Pool code WC-98187)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: None included

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

There are 2 Proposed Wells:**Blue Ribbon Fed Com 702H, API No. Pending**

SHL: 250 feet from the North line and 1355 feet from the West line,
(Lot 3) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 1740 feet from the West line,
(Unit N) of Section 11, Township 25 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp at approx 12,100 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

Blue Ribbon Fed Com 703H, API No. Pending

SHL: 675 feet from the North line and 2623 feet from the West line,
(Lot 3) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 2610 feet from the West line,
(Unit N) of Section 11, Township 25 South, Range 35 East, NMPM.

CASE NO. 20952
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Completion Target: Upper Wolfcamp at approx 11,950 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

CASE NO. 20952
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**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**

Revised Feb. 2013

ONLINE Version
COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions Section 2: W/2 (including Lots 3 & 4); Section 11: W/2,

Sect 2, 11, T 25S, R 35E, NMPM Lea County NM

containing 641.78 acres, more or less, and this agreement shall include only the

Bone Spring Formation

underlying said lands and the oil and gas (hereinafter

referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is October 1 2020 Month 1 Day, 2020 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>Franklin Mountain Energy, LLC</u>
By	<u>Craig R. Walters</u>		<u>Franklin Mountain Energy 2, LLC</u>
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

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Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>Coert Holdings 1, LLC</u>
By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
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By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

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By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
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Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>Warwick-Artemis, LLC</u>
By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS)}

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of Colorado _____)

County of Denver _____) ^{SS)}

This instrument was acknowledged before me on _____

DATE

By Craig R. Walters _____

Name(s) of Person(s)

as Chief Operating Officer of Franklin Mountain Energy, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

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DATE

By Craig R. Walters _____

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as Chief Operating Officer of Franklin Mountain Energy 2, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

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State of _____)

County of _____) ^{SS})

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of **Coert Holdings 1, LLC**

Type of authority, e.g., officer, trustee, etc _____ Name of party on behalf of whom instrument was executed

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DATE

By _____
Name(s) of Person(s)

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Type of authority, e.g., officer, trustee, etc _____ Name of party on behalf of whom instrument was executed

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This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of **COG Operating, LLC**

Type of authority, e.g., officer, trustee, etc _____ Name of party on behalf of whom instrument was executed

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State of _____)

County of _____) ^{SS}

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DATE

By _____
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(Seal)

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My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of **Warwick-Artemis, LLC**

Type of authority, e.g., officer, trustee, etc _____
Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

To Communitization Agreement dated October 1st, 2020

Plat of communitized area covering the:

Subdivisions Section 2: W/2 (including Lots 3 & 4); Section 11: W/2,
of Sect. 2, 11, T 25S, R 35E, NMPM, Lea County, NM.

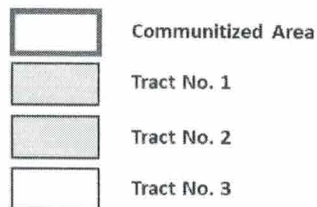
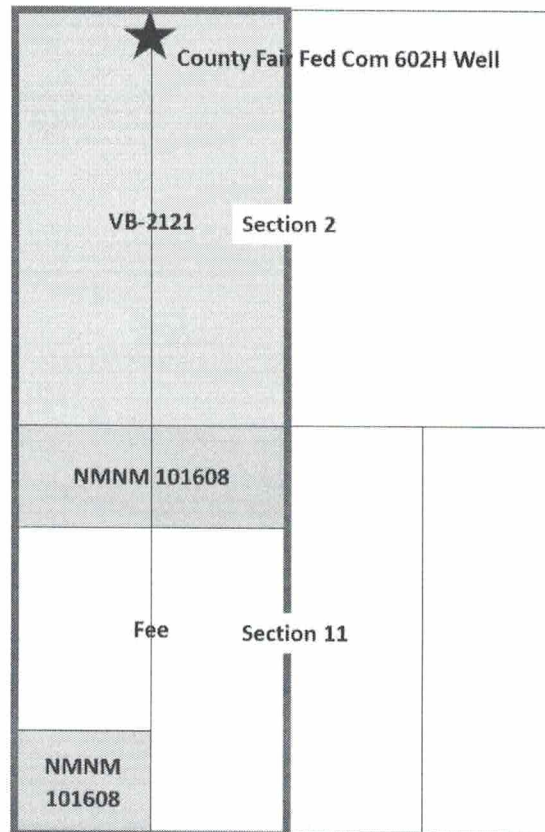


EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in W/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: LOT 3 AND 4, S/2NW/4, SW/4 OF SECTION 2, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 321.78 ACRES, MORE OR LESS****Lease No. 1**

Lease Date:	December 1, 2011
Lease Primary Term:	Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2121-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: Lots 3 and 4, S/2NW/4 and SW/4 Lea County, New Mexico
Number of Acres:	321.78
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: N/2NW/4 AND SW/4SW/4, SECTION 11, TOWNSHIP 25 SOUTH,
RANGE 35 EAST, CONTAINING 120.00 ACRES, MORE OR LESS**Lease No. 2

Lease Date:	December 1, 1998
Lease Primary Term:	Ten (10) years
Recordation: Book	2081, Page 573, Lea County Records
Lessor:	USA NMNM 101608
Original Lessee:	Robert E. Landreth
Current Lessee:	COG Operating, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: N/2NW/4 and SW/4SW/4 Lea County, New Mexico
Number of Acres:	120.00
Royalty Rate:	12.5%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

TRACT NO. 3: S/2NW/4, N/2SW/4 AND SE/4SW/4 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 200.00 ACRES, MORE OR LESS

Lease No. 3:	Multiple Fee Leases	
Lease Date:	Various	
Lease Primary Term:	Various	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: S2NW4, N2SW4, SE/4SW/4 Lea County, New Mexico	
Number of Acres:	200.00	
Royalty Rate:	Various	
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC -	22.6315476%
	Franklin Mountain Energy, LLC -	58.0332482%
	Warwick-Artemis, LLC -	3.75%
	Chief Capital (O&G) II, LLC -	8.1311232%
	Coert Holdings 1, LLC -	2.4938768%
	Unleased Mineral Owners** -	4.9602044%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; BC Operating, Inc.; Constitution Resources II, LP; Prevail Energy, LLC, Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC; Saefmark Companies, LLC; COG Operating, LLC; OGX Royalty Fund, LP; Santo Royalty Company, LLC	

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21402.**

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	321.78	50.138677%
2	120.00	18.697996%
3	200.00	31.163327%
Total	641.78	100.000000%

County Fair Fed Com 602H
Bone Spring Formation
W/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20951
ORDER NO. R-21402**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: Jul 27, 2020

CASE NO. 20951
ORDER NO. R-21402

Page 4 of 5

Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 640 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:

W/2 of Sections 2 and 11,
Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Bone Spring Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502B; LWR BONE (Pool code 98185)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: Yes
Proximity Defining Well: Well No. 602H is to be drilled closer than 330 feet from the Proximity Tracts and therefore defines the Horizontal Spacing Unit.

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

The Following Well is Proposed:**County Fair Federal 602H Well, API No. Pending**

SHL: 250 feet from the North line and 1320 feet from the West line,
(Lot 4) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 1200 feet from the West line,
(Unit M) of Section 11, Township 25 South, Range 35 East, NMPM.

Completion Target: 3rd Bone Spring Sand at approx 11,850 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/FEDERAL OR
STATE/FEDERAL/FEE**

Revised Feb. 2013

ONLINE Version
COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Subdivisions Section 2: W/2W/2 (including Lot 4); Section 11: W/2W/2,

Sect 2, 11, T 25S, R 35E, NMPM Lea County NM

containing 320.91 acres, more or less, and this agreement shall include only the

Wolfcamp Formation

underlying said lands and the oil and gas (hereinafter

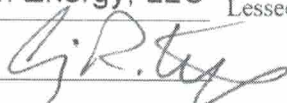
referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is October 1 2020 Month 1 Day, 2020 Year, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>Franklin Mountain Energy, LLC</u>
By	<u>Craig R. Walters</u>		<u>Franklin Mountain Energy 2, LLC</u>
			
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

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By	<u>Craig R. Walters</u>		
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By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

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By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

Operator	<u>Franklin Mountain Energy, LLC</u>	Lessees of Record	<u>Warwick-Artemis, LLC</u>
By	<u>Craig R. Walters</u>		
	<small>Print name of person</small>		
	<small>Chief Operating Officer</small>		
	<small>Type of authority</small>		

Attach additional page(s) if needed.

[Acknowledgments are on following page.]

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of Colorado _____)County of Denver _____) SS)This instrument was acknowledged before me on December 17, 2020

DATE

By Craig R. Walters

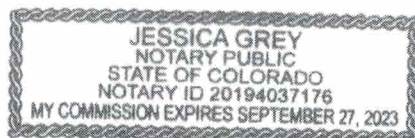
Name(s) of Person(s)

as Chief Operating Officerof Franklin Mountain Energy, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)



A handwritten signature of the notary officer, appearing to be "J. Grey", written over a horizontal line.

Signature of Notarial Officer

My commission expires: SEP. 27, 2023

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____

DATE

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of Colorado _____)County of Denver _____) SS)This instrument was acknowledged before me on December 17, 2020

DATE

By Craig R. Walters _____

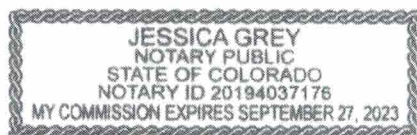
Name(s) of Person(s)

as Chief Operating Officerof Franklin Mountain Energy 2, LLC

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)



A handwritten signature in dark ink, appearing to be "J. Grey".

Signature of Notarial Officer

My commission expires: SEP. 27, 2023

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS)}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS)}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of **COG Operating, LLC**

Type of authority, e.g., officer, trustee, etc Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Individual Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) SS)

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of **Chief Capital (O&G) II, LLC**

Type of authority, e.g., officer, trustee, etc _____ Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of **Coert Holdings 1, LLC**

Type of authority, e.g., officer, trustee, etc _____ Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Individual Capacity

State of _____)

County of _____) ^{SS}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in a Representative Capacity

State of _____)

County of _____) ^{SS}

This instrument was acknowledged before me on _____
DATE

By _____
Name(s) of Person(s)

as _____ of **Warwick-Artemis, LLC**

Type of authority, e.g., officer, trustee, etc

Name of party on behalf of whom instrument was executed

(Seal)

Signature of Notarial Officer

My commission expires: _____

EXHIBIT A

To Communitization Agreement dated October 1st, 2020

Plat of communitized area covering the:

Subdivisions Section 2: W/2W/2 (including Lot 4); Section 11: W/2W/2,
of Sect. 2, 11, T 25S, R 35E, NMPM, Lea County, NM.

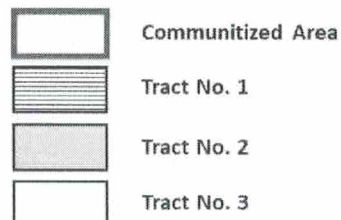
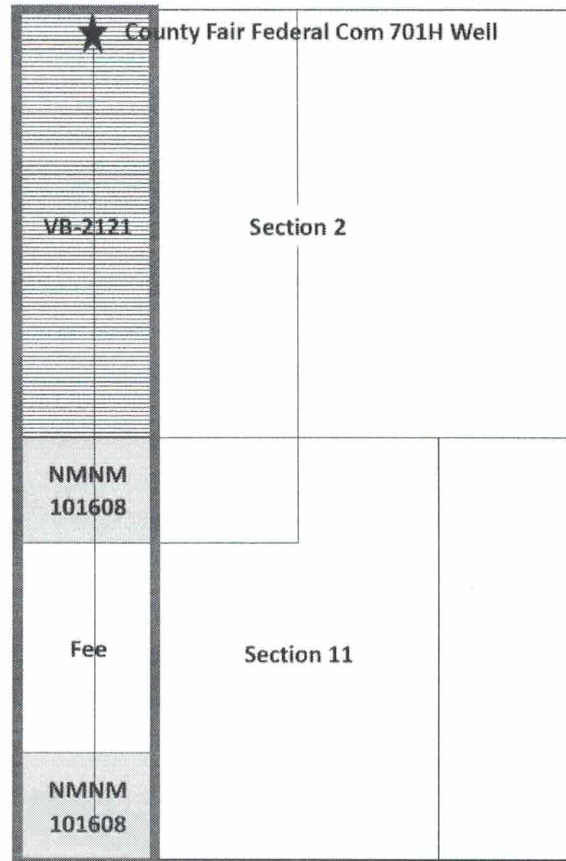


EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in W/2W/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: LOT 4, SW/4NW/4 AND W/2SW/4 SECTION 2, TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 160.91 ACRES, MORE OR LESS****Lease No. 1**

Lease Date:	December 1, 2011
Lease Primary Term:	Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2121-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: Lot 4, SW/4NW/4 and W/2SW/4 Lea County, New Mexico
Number of Acres:	160.91
Royalty Rates:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; Prevail Energy, LLC; Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC

County Fair Fed Com 701H
Wolfcamp Formation
W2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: NW/4NW/4 AND SW/4SW/4 SECTION 11, TOWNSHIP 25 SOUTH,
RANGE 35 EAST, CONTAINING 80.00 ACRES, MORE OR LESS**

Lease No. 2

Lease Date:	December 1, 1998
Lease Primary Term:	Ten (10) years
Recordation:	Book 2081, Page 573, Lea County Records
Lessor:	USA NMNM 101608
Original Lessee:	Robert E. Landreth
Current Lessee:	COG Operating, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: NW/4NW/4 and SW/4SW/4 Lea County, New Mexico
Number of Acres:	80.00
Royalty Rate:	12.5%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; CrownRock Minerals, LP; Foundation Minerals, LLC; Mavros Minerals II, LLC; Oak Valley Minerals and Land, LP

County Fair Fed Com 701H
Wolfcamp Formation
W2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 3: SW/4NW/4 and NW/4SW/4, SECTION 11, TOWNSHIP 25 SOUTH,
RANGE 35 EAST, CONTAINING 80.00 ACRES, MORE OR LESS**

<u>Lease No. 3:</u>	Multiple Fee Leases	
Lease Date:	Various	
Lease Primary Term:	Various	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: SW/4NW/4 and NW/4SW/4 Lea County, New Mexico	
Number of Acres:	80.00	
Royalty Rate:	Various	
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC -	20.049104%
	Franklin Mountain Energy, LLC -	55.960459%
	Warwick-Artemis, LLC -	4.6875%
	Chief Capital (O&G) II, LLC -	10.163904%
	Coert Holdings 1, LLC -	3.117346%
	Unleased Mineral Owners** -	6.021684%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; Constitution Resources II, LP; Prevail energy, LLC; Rheiner Holdings, LLC; Monticello Minerals, LLC; Cayuga Royalties, LLC; Safemark Companies, LLC; COG Operating, LLC; OGX Royalty Fund, LP; Santo Royalty Company, LLC	

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21404.**

County Fair Fed Com 701H
Wolfcamp Formation
W2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	160.91	50.1417843%
2	80.00	24.9291079%
3	80.00	24.9291078%
Total	320.91	100.000000%

County Fair Fed Com 701H
Wolfcamp Formation
W2W2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20953
ORDER NO. R-21404**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 7/27/2020

CASE NO. 20953
ORDER NO. R-21404

Page 4 of 5

Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 320.91 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
W2W/2 of Sections 2 and 11,
Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502D; UPR WOLFCAMP (Pool code WC-98187)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: None included

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

The Following Well is Proposed:**County Fair Fed Com 701H, API No. Pending**

SHL: 250 feet from the North line and 1285 feet from the West line,
(Lot 4) of Section 2, Township 25 South, Range 35 East, NMPM.
BHL: 150 feet from the South line and 350 feet from the West line,
(Unit M) of Section 11, Township 25 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp at approx 12,160 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/STATE OR
STATE/FEE**

Revised March 2017

COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

Well Name: **Parade State Com #603H**

STATE OF NEW MEXICO)
SS)

API #: 30 - **25** - **46505**

COUNTY OF **Lea**)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of **October 1**, 20 **20**, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the **Bone Spring** formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE version
March, 2017

State/State
State/Fee

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions **W/2E/2 (including Lot 2) & W/2E/2**

Of Sect(s) **2, 11** Twnshp **25S** Rng **35E** NMPM **Lea** County, NM

containing 320.85 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and/or depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. **Franklin Mountain Energy, LLC** shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by **Franklin Mountain Energy, LLC**

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be

terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR: Franklin Mountain Energy, LLC

BY: **Craig R. Walters, COO**

Name and Title of Authorized Agent

Craig R. Walters

Signature of Authorized Agent

Acknowledgment in an Individual Capacity

State of _____)
)
 County of _____)

This instrument was acknowledged before me on _____

Date

By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative Capacity

State of **Colorado**)
)
 County of **Denver**)

This instrument was acknowledged before me on _____

Date **December 17, 2020**

By

Craig R. Walters

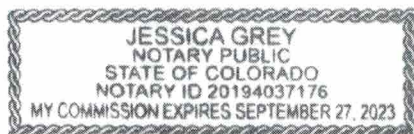
Name(s) of Person(s)

(Seal)

Jessica Grey

Signature of Notarial Officer

My commission expires: **Sep. 27, 2023**



LEASE #: **VB-2117**LESSEE OF RECORD: **Franklin Mountain Energy 2, LLC**BY: **Craig R. Walters, COO**

Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in an Individual Capacity

State of)
)
 County of)

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative Capacity

State of **Colorado**)
)
 County of **Denver**)

This instrument was acknowledged before me on

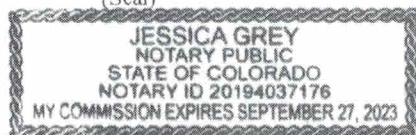
Date **December 17, 2020**

By

Craig R. Walters

Name(s) of Person(s)

(Seal)



Signature of Notarial Officer

My commission expires: **SEP 27, 2023**

ONLINE version

State/State

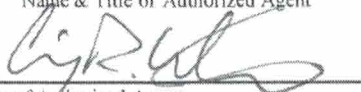
March, 2017

State/Fee

6

LEASE #: Multiple Fee LeasesLESSEE OF RECORD: Franklin Mountain Energy, LLCBY: Craig R. Walters, COO

Name & Title of Authorized Agent



Signature of Authorized Agent

Acknowledgment in an Individual CapacityState of _____)
SS)
County of _____)

This instrument was acknowledged before me on _____

Date

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative CapacityState of **Colorado**)
SS)
County of **Denver**)

This instrument was acknowledged before me on _____

Date

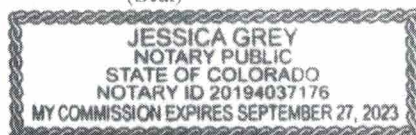
December 17, 2020

By _____

Craig R. Walters

Name(s) of Person(s)

(Seal)



Signature of Notarial Officer

My commission expires: Sep. 27, 2023

ONLINE version

State/State

March, 2017

State/Fee

6

LEASE #: Multiple Fee LeasesLESSEE OF RECORD: Franklin Mountain Energy 2, LLCBY: Craig R. Walters, COO

Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in an Individual Capacity

State of _____)
)
 County of _____)

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative Capacity

State of **Colorado**)
)
 County of **Denver**)

This instrument was acknowledged before me on

Date

By

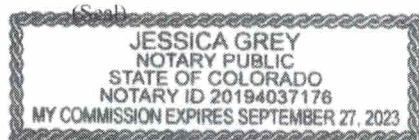
Craig R. Walters

Name(s) of Person(s)

December 17, 2020



Signature of Notarial Officer

My commission expires: SEP. 27, 2023

ONLINE version
 March, 2017

State/State
 State/Fee

6

EXHIBIT "A"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in the W/2E/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: LOT 2, SW/4NE/4 AND W/2SE/4 TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 160.85 ACRES, MORE OR LESS****Tract No. 1**

Lease Date:	December 1, 2011
Lease Primary	Term: Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2117-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: Lots 2, SW/4NE/4, and W/2SE/4 Lea County, New Mexico
Number of Acres:	160.85
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Parade State Com 603H
Bone Spring Formation
W/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: W/2E/2 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 160.00 ACRES, MORE OR LESS**

Tract No. 2:	Multiple Fee Leases
Lease Date:	Various
Lease Primary Term:	Various
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: W/2E/2 Lea County, New Mexico
Number of Acres:	160.00
Royalty Rate:	Various
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC - 60.7765998% Franklin Mountain Energy, LLC - 25.1460193% Unleased Mineral Owners** - 14.0773813%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; BC Operating, Inc.; Constitution Resources II, LP

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21541**

Parade State Com 603H
Bone Spring Formation
W/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

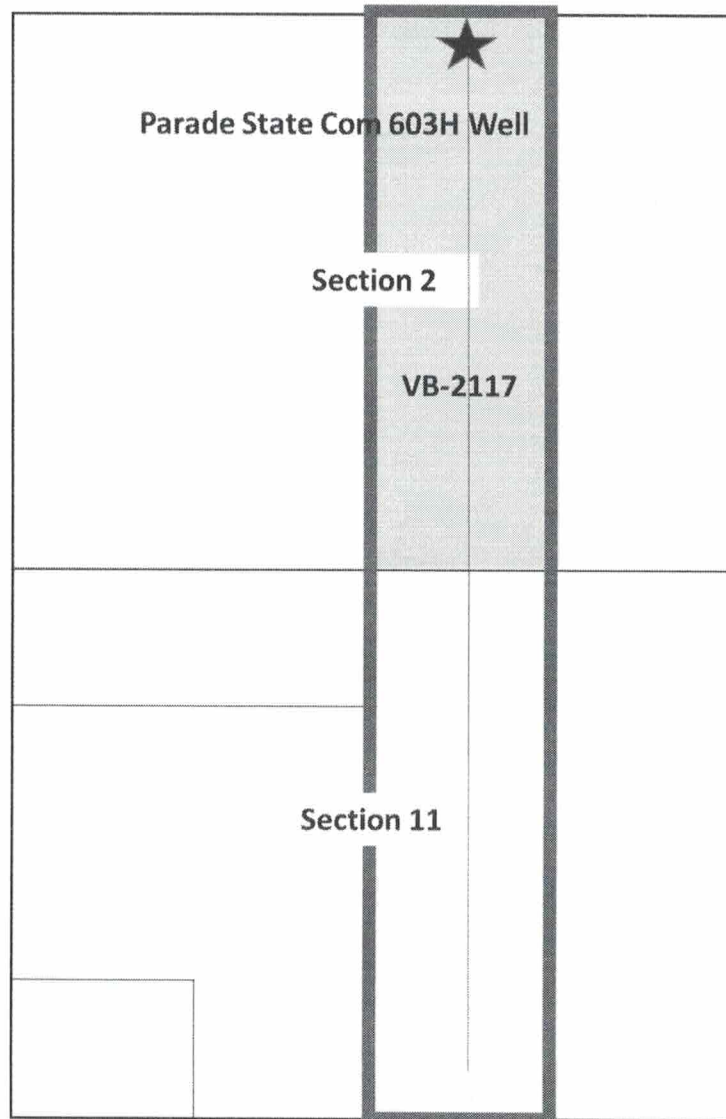
RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	160.85	50.13246%
2	160.00	49.86754%
Total	320.85	100.000000%

Parade State Com 603H
Bone Spring Formation
W/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in the W/2E/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.



- | | |
|---|---------------------|
|  | Communitized |
|  | Tract No. 1 |
|  | Tract No. 2 |

Parade State Com 603H
Bone Spring Formation
W/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 21519
ORDER NO. R-21541**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the

CASE NO. 21519
ORDER NO. R-21541

Page 2 of 7

well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

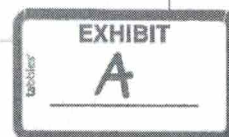
Date: 11/13/2020

CASE NO. 21519
ORDER NO. R-21541

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Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21519	APPLICANT'S RESPONSE
Date November 5, 2020	
Applicant	Franklin Mountain Energy, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy, LLC (373910)
Applicant's Counsel:	Deana M. Bennett/Modrall Spering
Case Title:	Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenor:	Tap Rock Resources, LLC
Well Family	Carnival: Parade State 603H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	WC-025 G-09 52535028, Lower Bone Spring, Pool Code 98185
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2 E/2 of Section 2 and 11, Township 25 South, Range 45 East, N34PM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit B-3 pages 16-17.
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed



CASE NO. 21519
ORDER NO. R-21541

Page 5 of 7

Well #1	Parade State 603H SHL: 675 feet from the North line and 2624 feet from the East line (Lot 2), Section 2, Township 25 South, Range 35 East, NMMP. BHL: 150 feet from the South line and 2260 feet from the East line (Unit O), Section 11, Township 25 South, Range 35 East, NMMP. Completion Target: Third Bone Spring Sand at approximate 11,790' TVD. Well Orientation: North/South Completion location: Expected to be standard. See also C-102: Exhibit B-2 page 14.
Horizontal Well First and Last Take Points	Parade State 603H: Proposed first take point 794' FNL and 2246' FEL and the proposed last take point is 150' FSL and 2260' FEL. See also Exhibit B-2 page 14.
Completion Target (Formation, TVD and MD)	See Proposal Letter Exhibit B-5 page 19.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000: See also Proposal Letter Exhibit B-5 page 19.
Production Supervision/Month \$	\$700: See also Proposal Letter Exhibit B-5 page 19.
Justification for Supervision Costs	See AFE Exhibit B-6 page 22.
Requested Risk Charge	200%: See also Proposal Letter Exhibit B-5 page 19.
Notice of Hearing	
Proposed Notice of Hearing	B-7, specifically pages 23-29.
Proof of Mailed Notice of Hearing (20 days before hearing)	B-7, specifically pages 30-34.
Proof of Published Notice of Hearing (10 days before hearing)	B-7, specifically page 35.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	B-3 page 15.
Tract List (including lease numbers and owners)	B-3 pages 16-17

CASE NO. 21519
ORDER NO. R-21541

Page 6 of 7

Pooled Parties (including ownership type)	B-3 page 17(a)&(b).
Unlocatable Parties to be Pooled	B-3 page 17.
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	B-5 page 19-21.
List of Interest Owners (ie Exhibit A of JOA)	B-3 pages 16-17.
Chronology of Contact with Non-Joined Working Interests	N/A: no unjoined working interest owners but see Exhibit B-4 page 18 for summary of contacts with unleased mineral interest owners.
Overhead Rates in Proposal Letter	Proposal Letter Exhibit B-5 page 19.
Cost Estimate to Drill and Complete	Proposal Letter Exhibit B-5 page 19; AFE B-6 page 22.
Cost Estimate to Equip Well	Proposal Letter Exhibit B-5 page 19; AFE B-6 page 22.
Cost Estimate for Production Facilities	Proposal Letter Exhibit B-5 page 19; AFE B-6 page 22.
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	C-8 page 40 and C-9 page 41.
Gunbarrel/Lateral Trajectory Schematic	C-9 page 41.
Well Orientation (with rationale)	C-11 page 47.
Target Formation	C-10-C page 45.
HSU Cross Section	C-10-C page 45.
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	B-2 page 14.
Tracts	B-3 page 15.
Summary of Interests, Unit Recapitulation (Tracts)	B-3 pages 16-17.
General Location Map (including basin)	C-8 page 40.
Well Bore Location Map	C-8 page 40; C-10-A page 43.
Structure Contour Map - Subsea Depth	C-10-A page 43.
Cross Section Location Map (including wells)	C-10-B page 44.
Cross Section (including Landing Zone)	C-10-C page 45.
Additional Information	Franklin requests an expedited order.
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M Bennett
Signed Name (Attorney or Party Representative):	Deana M Bennett
Date:	11/3/2020

CASE NO. 21519
ORDER NO. R-21541

Page 7 of 7

**NM State Land Office
Oil, Gas, & Minerals Division**

**STATE/STATE OR
STATE/FEE**
Revised March 2017

COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS: Well Name: **Parade State Com #704H**

STATE OF NEW MEXICO)
SS)

API #: 30 - **25** - **46506**

COUNTY OF **Lea**)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of **October 1**, 20 **20**, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the **Wolfcamp** formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE version
March, 2017

State/State
State/Fee

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions **W/2E/2 (including Lot 2); W/2E/2**

Of Sect(s) **2, 11** Twnshp **25S** Rng **35E** NMPM **Lea** County, NM

containing 320.85 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and/or depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. **Franklin Mountain Energy, LLC** shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by **Franklin Mountain Energy, LLC**

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be

terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR: Franklin Mountain Energy, LLC

BY: **Craig R. Walters, COO**

Name and Title of Authorized Agent

Craig R. Walters

Signature of Authorized Agent

Acknowledgment in an Individual Capacity

State of _____)
 County of _____)

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative Capacity

State of **Colorado**)
 County of **Denver**)

This instrument was acknowledged before me on

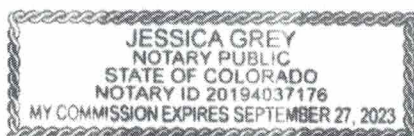
Date

By

Craig R. Walters

Name(s) of Person(s)

(Seal)



Jessica Grey

Signature of Notarial Officer

My commission expires: Sep. 27, 2023

LEASE #: **VB-2117**LESSEE OF RECORD: **Franklin Mountain Energy 2, LLC**BY: **Craig R. Walters, COO**

Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in an Individual CapacityState of)
SS)
County of)

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative CapacityState of **Colorado**)
SS)
County of **Denver**)

This instrument was acknowledged before me on

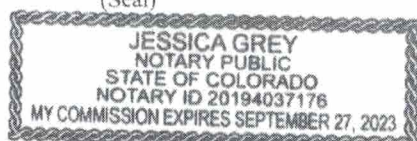
Date

By

Craig R. Walters

Name(s) of Person(s)

(Seal)



December 17, 2020

Signature of Notarial Officer

My commission expires: SEP 27, 2023ONLINE version
March, 2017State/State
State/Fee

6

LEASE #: Multiple Fee LeasesLESSEE OF RECORD: Franklin Mountain Energy, LLCBY: Craig R. Walters, COO

Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in an Individual CapacityState of _____)
SS)
County of _____)

This instrument was acknowledged before me on _____

Date

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative CapacityState of **Colorado**)
SS)
County of **Denver**)

This instrument was acknowledged before me on _____

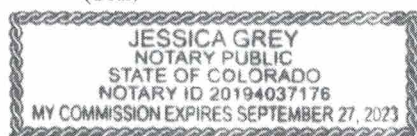
Date

By _____

Craig R. Walters

Name(s) of Person(s)

(Seal)



Signature of Notarial Officer

My commission expires: Sep. 27, 2023

ONLINE version

State/State

March, 2017

State/Fee

6

LEASE #: Multiple Fee LeasesLESSEE OF RECORD: Franklin Mountain Energy 2, LLCBY: Craig R. Walters, COO

Name & Title of Authorized Agent

Signature of Authorized Agent

Acknowledgment in an Individual CapacityState of _____)
SS)
County of _____)

This instrument was acknowledged before me on _____

Date

By _____

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: _____

Acknowledgment in an Representative CapacityState of **Colorado**)
SS)
County of **Denver**)

This instrument was acknowledged before me on _____

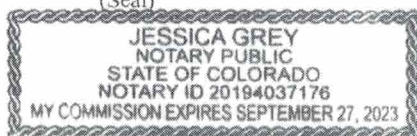
Date

By _____

Craig R. Walters

Name(s) of Person(s)

(Seal)



 A handwritten signature of the notary officer, written over a horizontal line.

Signature of Notarial Officer
My commission expires: sep. 27, 2023ONLINE version
March, 2017State/State
State/Fee

6

EXHIBIT "A"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in the W/2E/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.

Operator of Communitized Area: Franklin Mountain Energy, LLC

DESCRIPTION OF LEASES COMMITTED**TRACT NO. 1: LOT 2, SW/4NE/4 AND W/2SE/4 TOWNSHIP 25 SOUTH, RANGE 35 EAST, CONTAINING 160.85 ACRES, MORE OR LESS****Tract No. 1**

Lease Date:	December 1, 2011
Lease Primary	Term: Five (5) years
Recordation:	Not Recorded
Lessor:	State of New Mexico – VB-2117-3
Original Lessee:	Yates Petroleum Corporation
Current Lessee:	Franklin Mountain Energy 2, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 2: Lots 2, SW/4NE/4, and W/2SE/4 Lea County, New Mexico
Number of Acres:	160.85
Royalty Rate:	18.75%
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC – 100%
ORRI Owners of Record:	Franklin Mountain Royalty Investments, LLC; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holding, LLC; Monticello Minerals, LLC

Parade State Com 704H
Wolfcamp Formation
W/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**TRACT NO. 2: W/2E/2 SECTION 11, TOWNSHIP 25 SOUTH, RANGE 35 EAST,
CONTAINING 160.00 ACRES, MORE OR LESS**

Tract No. 2:	Multiple Fee Leases
Lease Date:	Various
Lease Primary Term:	Various
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 25 South, Range 35 East</u> Section 11: W/2E/2 Lea County, New Mexico
Number of Acres:	160.00
Royalty Rate:	Various
WI Owners Names and Interests:	Franklin Mountain Energy 2, LLC - 60.7765998% Franklin Mountain Energy, LLC - 25.1460193% Unleased Mineral Owners** - 14.0773813%
ORRI Owners: Of Record:	Franklin Mountain Royalty Investments, LLC; BC Operating, Inc.; Constitution Resources II, LP

**** Compulsory pooled by New Mexico Oil Conservation Division Order R-21171, then amended by compulsory pooling Order R-21171-A**

Parade State Com 704H
Wolfcamp Formation
W/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

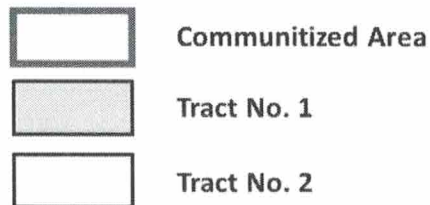
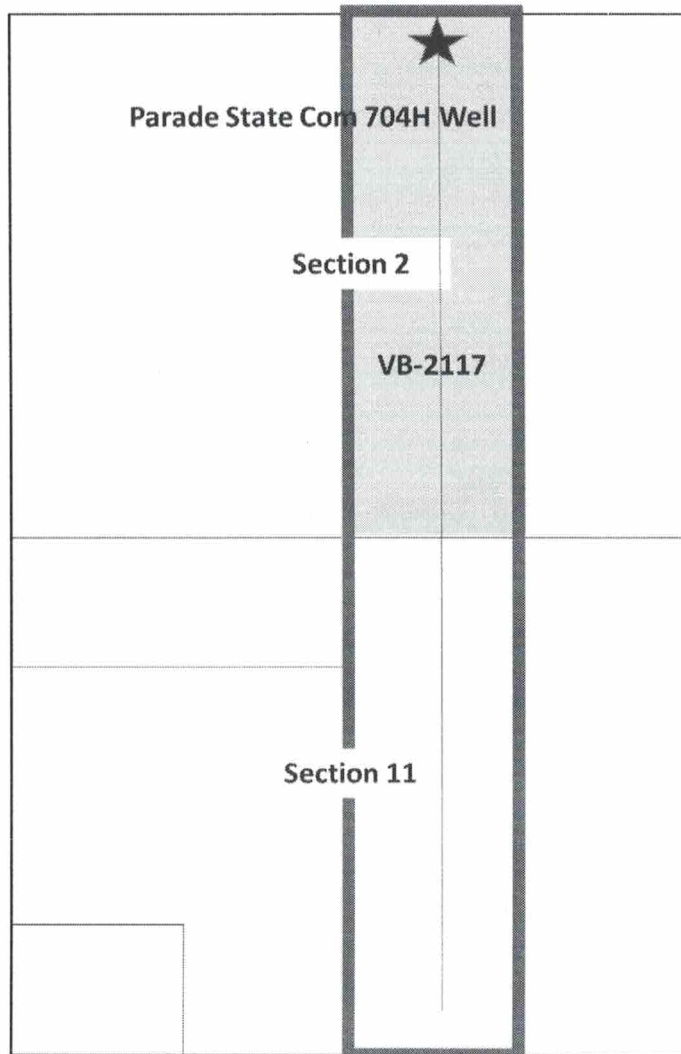
RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest in the Communitized Area
1	160.85	50.13246%
2	160.00	49.86754%
Total	320.85	100.000000%

Parade State Com 704H
Wolfcamp Formation
W/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020, embracing the following described land in the W/2E/2 of Sections 2 & 11, Township 25 South, Range 35 East, Lea County, New Mexico.



Parade State Com 704H
Wolfcamp Formation
W/2E/2 Sections 2 & 11-25S-35E
Lea County, New Mexico

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 20983
ORDER NO. R-21171**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on January 9, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.

CASE NO. 20983
ORDER NO. R-21171

Page 2 of 8

20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.
21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well

CASE NO. 20983
ORDER NO. R-21171

Page 3 of 8

Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978,

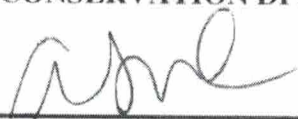
CASE NO. 20983
ORDER NO. R-21171

Page 4 of 8

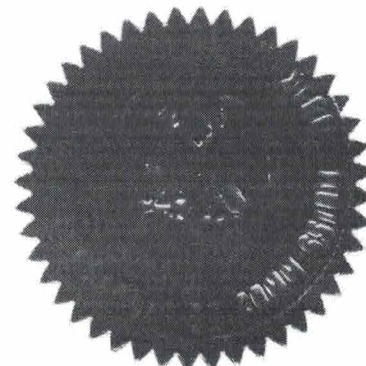
Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


ADRIENNE SANDOVAL
DIRECTOR
AS/jag

Date: February 26, 2020



CASE NO. 20983
ORDER NO. R-21171

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Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 20983	APPLICANT'S RESPONSE
Date January 9, 2020	
Applicant	Franklin Mountain Energy, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy, LLC (373910)
Applicant's Counsel:	Deana M. Bennett/Modrall Sperling
Case Title:	Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Tap Rock/Jim Bruce
Well Family	Carnival: Parade State 704H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	WC-025-G-09-52535020-Upper Wolfcamp Pool, Pool Code WC-98187
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, N36PM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	N
Applicant's Ownership in Each Tract	Exhibit A (Landman's affidavit page 2); Exhibit 5 (page 21)
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed

CASE NO. 20983
 ORDER NO. R-21171

Page 6 of 8

Well #1	Parade State 704H, API Pending SHL: 321 feet from the North line and 1355 feet from the East line (Lot 2), Section 2, Township 25 South, Range 35 East, NMPM. BHL: 150 feet from the South line and 1690 feet from the East line (Unit O), Section 11, Township 25 South, Range 35 East, NMPM. Completion Target: Upper Wolfcamp at approximately 12,020' TVD. Well Orientation: South to North Completion location: Expected to standard. See also C 102: Exhibit A-4 page 17.
Horizontal Well First and Last Take Points	Parade State 704H: Proposed first take point is 689' FNL and 1685' FEL and the proposed last take point is 150' FSL and 1690' FEL. See also Exhibit A-4 page 19.
Completion Target (Formation, TVD and MD)	See Proposal Letter Exhibit A-6, Pages 27-29.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7000: See Proposal Letter Exhibit A-6, Pages 27-29.
Production Supervision/Month \$	\$700: See Proposal Letter Exhibit A-6, Pages 27-29.
Justification for Supervision Costs	See AFE Exhibits A-7, pages 30.
Requested Risk Charge	200%: See Proposal Letter Exhibit A-6, Pages 27-29.
Notice of Hearing	
Proposed Notice of Hearing	A-8, specifically pages 32, 33-44.
Proof of Mailed Notice of Hearing (20 days before hearing)	A-8, specifically pages 32, 45-50.
Proof of Published Notice of Hearing (10 days before hearing)	A-8, specifically page 32, 51.
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	A-5 (page 20)

CASE NO. 20983
ORDER NO. R-21171

Page 7 of 8

Tract List (including lease numbers and owners)	A-5 (page 21-22)
Pooled Parties (including ownership type)	A-5 (page 21-22)
Unlocatable Parties to be Pooled	A-5 (page 21-22)
Ownership Depth Severance (including percentage above & below N/A)	
Joinder	
Sample Copy of Proposal Letter	Exhibit A-6, Pages 27-29.
List of Interest Owners (ie Exhibit A of JOA)	A-5 (page 21-22)
Chronology of Contact with Non-Joined Working Interests	N/A: no unjoined working interest owners but see page p. 26 for summary of contacts with unleased mineral interest owners
Overhead Rates In Proposal Letter	A-6 (specifically pages 27)
Cost Estimate to Drill and Complete	A-6 (specifically page 27 for total costs); A-7 (pages 30-AFE)
Cost Estimate to Equip Well	A-6 (specifically page 27 for total costs); A-7 (pages 30-AFE)
Cost Estimate for Production Facilities	A-6 (specifically page 27 for total costs); A-7 (pages 30-AFE)
Geology	
Summary (including special considerations)	Exhibit B, pages 52-56
Spacing Unit Schematic	A-1 (page 8)
Gunbarrel/Lateral Trajectory Schematic	B-10 (page 58)
Well Orientation (with rationale)	B-13 (Page 69)
Target Formation	B-11-C (page 62)
HSU Cross Section	B-11-C (page 62)
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	A-4 (page 17)
Tracts	A-5 (page 20)
Summary of Interests, Unit Recapitulation (Tracts)	A-5 (page 21-22)
General Location Map (including basin)	B-9 (page 57)
Well Bore Location Map	A-1 (page 8)
Structure Contour Map - Subsea Depth	B-11-A (page 60)
Cross Section Location Map (including wells)	B-11-B (page 61)
Cross Section (including Landing Zone)	B-11-C (page 62)
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M Bennett
Signed Name (Attorney or Party Representative):	Deana M Bennett
Date:	1/7/2020

CASE NO. 20983
ORDER NO. R-21171

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION TO
AMEND ORDER NO. R-21171 BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 21511
ORDER NO. R-21171-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order (“Order”):

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) applied to conform Order R-21171 (“Existing Order”) issued in Case No. 20983 with the Division’s recently amended order template (“Amended Template”), and to extend the time to drill the initial well.
2. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Application was given.
3. Operator is in good standing under OCD’s rules.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law and amends the remaining paragraphs in the Existing Order as stated below.

ORDER

9. The period to drill the well is extended until February 26, 2022.

10. This Order shall terminate automatically if Operator fails to comply with Paragraph 9 unless prior to termination Operator applies, and OCD grants, to amend Order R-21171 for good cause shown.
11. The uncommitted interests in the Unit are pooled as set forth in Exhibit A as appended to the original order and incorporated by reference herein.
12. The Unit shall be dedicated to the Well(s) set forth in aforesaid Exhibit A.
13. Operator is designated as operator of the Unit and the Well(s).
14. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
15. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
16. This Order shall terminate automatically if Operator fails to comply with Paragraph 15 unless Operator obtains an extension by an amendment of this Order for good cause shown.
17. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
18. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
19. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
20. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working

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ORDER NO. R-21171-A

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Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

21. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
22. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
23. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
24. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
25. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
26. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
27. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled

Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

28. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
29. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
30. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
31. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/jag

Date: 11/13/2020

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DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply
 [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Rachael Overbey

Print or Type Name

Signature

Director Ops Planning and Regulatory

Title
 roverbey@fmellc.com

e-mail Address

1/8/2021

Date

From: [McClure, Dean, EMNRD](#)
To: [Rachael Overbey](#)
Cc: [McClure, Dean, EMNRD](#); [Simmons, Kurt, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@nwbyram.com; [Glover, James](#); kparadis@blm.gov; [Walls, Christopher](#); [Holm, Anchor E.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order PLC-729
Date: Friday, April 16, 2021 4:37:02 PM
Attachments: [PLC729 Order.pdf](#)

NMOCD has issued Administrative Order PLC-729 which authorizes Franklin Mountain Energy, LLC (373910) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	Location (NMPPM)	Pool Code
30-025-47492	County Fair Fed Com #602H	D-02-25S-35E	98185
30-025-47493	County Fair Fed Com #701H	D-02-25S-35E	98187
30-025-47662	Blue Ribbon Fed Com #702H	C-02-25S-35E	98187
30-025-47663	Blue Ribbon Fed Com #703H	C-02-25S-35E	98187
30-025-46505	Parade State Com #603H	B-02-25S-35E	98185
30-025-46506	Parade State Com #704H	B-02-25S-35E	98187
30-025-47889	Beauty Queen Fed Com #604H	A-01-25S-35E	98185
30-025-47890	Beauty Queen Fed Com #705H	A-02-25S-35E	98187

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

From: [Rachael Overbey](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXT] RE: [External] surface commingling application PLC-729
Date: Wednesday, April 14, 2021 4:01:14 PM
Attachments: [image001.png](#)
[C-102 Change BLM Approved Beauty Queen Fed Com 604H.pdf](#)
[C-102 Change BLM Approved County Fair Fed Com 602H.pdf](#)

Mr. McClure,

The attached, approved, BLM sundries have been also been submitted to the OCD as of a few moments ago.

Thanks so much for helping us work though all of these details!

Rachael

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Thursday, March 25, 2021 6:05 AM
To: Rachael Overbey <roverbey@fmellc.com>
Subject: RE: [External] surface commingling application PLC-729

Hello Ms. Overbey,

It looks like I may have never got back to you regarding the spacing units for the 2 wells referenced below. Please submit an approved BLM sundry and C-102 for each of the following 2 wells correcting the spacing units to match that which you have indicated they should be below.

30-025-47492	County Fair Fed Com #602H	D-02-25S-35E	98185
30-025-47889	Beauty Queen Fed Com #604H	A-01-25S-35E	98185

Regarding the notice, I have accepted the public notice into record and the 20 day notice period will expire 4/7/21.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

From: Rachael Overbey <roverbey@fmellc.com>
Sent: Wednesday, March 24, 2021 12:03 PM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: [EXT] RE: [External] surface commingling application PLC-729

Mr. McClure,

To resolve the notice issue, Franklin Mountain has posted notice in the Hobbs News-Sun on 3/17/2021. Affidavit of publication attached for your records.

Rachael Overbey
 Director - Operations Planning & Regulatory
Franklin Mountain Energy LLC
 44 Cook Street, Suite 1000
 Denver, CO 80206
 Main: 720.414.7868
 Mobile: 303.570.4057
roverbey@fmellc.com



From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>

Sent: Monday, March 8, 2021 1:28 PM
To: Rachael Overbey <roverbey@fmellc.com>
Subject: RE: [External] surface commingling application PLC-729

Ms. Overbey,

It looks like I set this application back into the que to be reviewed after more time has been allowed for notice to reach the interest owners. I have not had a chance to pick this application up again to check the status of each notice and to see if it seems like notice which was never received was sent to the same person at a different address which was received.

Please note that if notice was not received by a person, either notice will need to be resent or public notice will need to be provided.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: Rachael Overbey <roverbey@fmellc.com>
Sent: Monday, March 8, 2021 12:44 PM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: [EXT] RE: [External] surface commingling application PLC-729

Mr. McClure,

I wanted to check-in with you on the status of a C-107B that was submitted by Franklin Mountain Energy [OGRID 373910] on 1/8/2021; 8W18L-210108. I hadn't heard or seen any recent updates so I just wanted to check in and make sure that you have everything you need to process the application. Please let me know if you require any additional information and I will get it to you ASAP.

Thank you!!

Rachael

From: Rachael Overbey
Sent: Thursday, February 11, 2021 8:37 AM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: RE: [External] surface commingling application PLC-729

Mr. McClure,

Our Land group provided the information below in **RED**.
Please let me know if you need additional information or backup data and I'll get it right over to you.

Thanks for you work on our project! Have a great day!

Rachael

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Wednesday, February 10, 2021 2:35 PM
To: Rachael Overbey <roverbey@fmellc.com>
Subject: [External] surface commingling application PLC-729

Ms. Overbey,

I am reviewing surface commingling application PLC-729 for the commingling project that involves the Carnival Central Tank Battery operated by Franklin Mountain Energy, LLC (373910).

Please confirm the spacing units for the following 2 wells:

30-025-47492	County Fair Fed Com #602H	D-02-25S-35E	98185
30-025-47889	Beauty Queen Fed Com #604H	A-01-25S-35E	98185

Spacing Unit for the County Fair Fed Com #602H is the W/2 of Sections 2 & 11-25S-35E (i.e. CDEFLKMN)

Spacing Unit for the Beauty Queen Fed Com #604H is the E/2 of Sections 2 & 11-25S-35E (i.e. ABGHJIOP)

Please confirm that the following persons have received notice of this application:

Here's what FME's records show. The mail has been super slow for the past several months. Also, some of these parties are unlocatable and we had to mail to all possible addresses, knowing some are likely not good.

2/9/2021	Cayuga Royalties, LLC	9414 7116 9900 0115 8853 44	In-Transit Correct
1/29/2021	Chad Dillard, as his separate property	9414 7116 9900 0115 8069 05	In-Transit Correct
1/29/2021	Coert Holdings 1 LLC	9414 7116 9900 0115 3375 91	Out for Delivery Correct
2/4/2021	Constitution Resources II, LP	9414 7116 9900 0115 3189 72	In-Transit Correct
			Returned Correct; we sent to multiple addresses. Sharon Miller received the one we sent to PO Box 666 Overton, NV 89040 (tracking 9414 7116 9900 0115 2665 70) and confirmed Sharon is deceased and she is the one to contact.
2/1/2021	Heirs or Devisees of Dock C. Coates and/or Alice Coates Miller	9414 7116 9900 0115 2269 32	Returned See above.
1/19/2021	Heirs or Devisees of Dock C. Coates and/or Alice Coates Miller	9414 7116 9900 0115 2599 16	Unknown See above.
			Out for Delivery Correct; however this is probably not a good address. We've located some heirs of Dock C. Coates who did receive theirs. See Sharon Coates comment above.
2/9/2021	Heirs or Devisees of Dock C. Coates, deceased	9414 7116 9900 0115 2641 49	In-Transit Correct; however this

1/23/2021	Heirs or devisees of Mary Helen Sims Sprinkles, deceased	9414 7116 9900 0115 3952 32	person is deceased and not sure this will even be a good contact.
			Alert
2/1/2021	Katy Jo Hobson Lundy, as her separate property	9414 7116 9900 0115 3859 05	Unlocatable Person.
			In-Transit
			Correct;
			however this is another unlocatable person.
1/19/2021	Lonnie H. Dillard, Jr., as his separate property	9414 7116 9900 0115 3038 55	
1/21/2021	Oak Valley Minerals and Land, L.P.	9414 7116 9900 0115 3015 47	In-Transit
			Correct
1/20/2021	Safemark Companies, LLC	9414 7116 9900 0115 2110 06	Alert
			In-transit
			Alert
			Another unlocatable person
1/21/2021	Heirs or Devisees of Uta Jane Findley	9414 7116 9900 0115 2229 41	
1/12/2021	United States of America, BLM	9414 7116 9900 0115 2744 76	Alert
			In transit

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

[External Email]
 Please be aware this email has originated from an outside source.

State of New Mexico
Energy, Minerals and Natural Resources Department

Notice

Order: PLC-729

Operator: Franklin Mountain Energy, LLC (373910)

Publication Date: 3/17/2021

Date Sent:

Noticed Persons

Date	Person	Certified Tracking Number	Status
2/9/2021	Cayuga Royalties, LLC	9414 7116 9900 0115 8853 44	In-Transit
1/29/2021	Chad Dillard, as his separate property	9414 7116 9900 0115 8069 05	In-Transit
1/29/2021	Coert Holdings 1 LLC	9414 7116 9900 0115 3375 91	ut for Delive
2/4/2021	Constitution Resources II, LP	9414 7116 9900 0115 3189 72	In-Transit
2/1/2021	Heirs or Devisees of Dock C. Coates and/or Alice C	9414 7116 9900 0115 2269 32	Returned
1/19/2021	Heirs or Devisees of Dock C. Coates and/or Alice C	9414 7116 9900 0115 2599 16	Returned
	Heirs or Devisees of Dock C. Coates and/or Alice C	9414 7116 9900 0115 2965 95	Unknown
2/9/2021	Heirs or Devisees of Dock C. Coates, deceased	9414 7116 9900 0115 2641 49	ut for Delive
1/23/2021	Heirs or devisees of Mary Helen Sims Sprinkles, d	9414 7116 9900 0115 3952 32	In-Transit
2/1/2021	Katy Jo Hobson Lundy, as her separate property	9414 7116 9900 0115 3859 05	Alert
1/19/2021	Lonnie H. Dillard, Jr., as his separate property	9414 7116 9900 0115 3038 55	In-Transit
1/21/2021	Oak Valley Minerals and Land, L.P.	9414 7116 9900 0115 3015 47	In-Transit
1/20/2021	Safemark Companies, LLC	9414 7116 9900 0115 2110 06	Alert
1/21/2021	Heirs or Devisees of Uta Jane Findley	9414 7116 9900 0115 2229 41	Alert
1/12/2021	United States of America, BLM	9414 7116 9900 0115 2744 76	Alert
1/22/2021	BC Operating, Inc.	9414 7116 9900 0115 8579 14	Delivered
1/15/2021	Chief Capital (O&G) II, LLC	9414 7116 9900 0115 3335 48	Delivered
1/19/2021	COG Operating LLC	9414 7116 9900 0115 3190 23	Delivered
1/20/2021	CrownRock Minerals, L.P.	9414 7116 9900 0115 3430 35	Delivered
1/20/2021	Foundation Minerals, LLC	9414 7116 9900 0115 3483 82	Delivered
1/15/2021	Heirs or Devisees of Dock C. Coates	9414 7116 9900 0115 2205 65	Delivered
1/21/2021	Heirs or Devisees of Dock C.Coates and/or Alice C	9414 7116 9900 0115 2558 88	Delivered
1/19/2021	Heirs or Devisees of Dock C. Coates and/or Alice C	9414 7116 9900 0115 2502 41	Delivered
1/12/2021	Heirs or Devisees of Dock C. Coates and/or Alice C	9414 7116 9900 0115 2585 99	Delivered
1/13/2021	Heirs or Devisees of Dock C. Coates, deceased	9414 7116 9900 0115 2628 48	Delivered
1/14/2021	Heirs or Devisees of Dock C. Coates, deceased	9414 7116 9900 0115 2682 91	Delivered
1/19/2021	Heirs or Devisees of Dock C. Coates, deceased	9414 7116 9900 0115 2676 69	Delivered
1/21/2021	Heirs or Devisees of Dock C. Coates, deceased	9414 7116 9900 0115 2665 70	Delivered
1/21/2021	Heirs or Devisees of Dock C. Coates, deceased	9414 7116 9900 0115 2896 92	Delivered
1/19/2021	Heirs or Devisees of Dock C. Coates, deceased	9414 7116 9900 0115 2833 31	Delivered
1/13/2021	Heirs or devisees of Margaret Collier, deceased	9414 7116 9900 0115 3791 64	Delivered
1/13/2021	Heirs or devisees of Max Sims, deceased	9414 7116 9900 0115 3963 07	Delivered
1/13/2021	Heirs or devisees of Mildred Guinn Anderson, dec	9414 7116 9900 0115 3259 56	Delivered
1/19/2021	Heirs or devisees of Mildred Guinn Anderson, dec	9414 7116 9900 0115 3218 97	Delivered
1/12/2021	Hugh Blanton Wishart	9414 7116 9900 0115 3504 84	Delivered
1/13/2021	Heirs or devisees of Jack Sims, deceased	9414 7116 9900 0115 3694 79	Delivered
1/12/2021	Jean Richelieu Faeth, as her separate property	9414 7116 9900 0115 3604 90	Delivered

1/11/2021	Katy Jo Hobson Lundy, as her separate property	9414 7116 9900 0115 3611 38	Delivered
1/13/2021	Lista Catherine Ammirati McDonald	9414 7116 9900 0115 3868 41	Delivered
1/21/2021	Mavros Minerals II, L.P.	9414 7116 9900 0115 3025 75	Delivered
1/21/2021	Monticello Minerals, LLC	9414 7116 9900 0115 3074 64	Delivered
1/19/2021	OGX Royalty Fund, LP	9414 7116 9900 0115 2341 11	Delivered
1/16/2021	OGX Royalty Fund, LP	9414 7116 9900 0115 2321 86	Delivered
1/21/2021	Ohio State University	9414 7116 9900 0115 2367 71	Delivered
1/19/2021	Ohio State University	9414 7116 9900 0115 2137 27	Delivered
1/13/2021	Prevail Energy, LLC	9414 7116 9900 0115 2108 18	Delivered
1/21/2021	Rheiner Holdings, LLC	9414 7116 9900 0115 2172 06	Delivered
1/20/2021	Santo Royalty Company LLC	9414 7116 9900 0115 2424 44	Delivered
1/19/2021	Santo Royalty Company LLC	9414 7116 9900 0115 2468 17	Delivered
1/12/2021	State of New Mexico, SLO	9414 7116 9900 0115 2792 35	Delivered
1/19/2021	Heirs or Devisees of Uta Jane Findley	9414 7116 9900 0115 2985 64	Delivered
1/16/2021	Heirs or Devisees of Uta Jane Findley	9414 7116 9900 0115 2960 10	Delivered
1/16/2021	Heirs or Devisees of Uta Jane Findley	9414 7116 9900 0115 2299 95	Delivered
1/21/2021	Heirs or Devisees of Uta Jane Findley	9414 7116 9900 0115 2242 73	Delivered
1/16/2021	Warwick-Artemis, LLC	9414 7116 9900 0115 2788 87	Delivered
1/22/2021	West Texas A&M University	9414 7116 9900 0115 2718 02	Delivered
1/22/2021	West Texas A&M University	9414 7116 9900 0115 2931 87	Delivered
1/20/2021	West Texas A&M University	9414 7116 9900 0115 2927 08	Delivered

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

APPLICATION FOR SURFACE COMMINGLING

SUBMITTED BY FRANKLIN MOUNTAIN ENERGY, LLC

ORDER NO. PLC-729

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
7. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
8. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the leases to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

CONCLUSIONS OF LAW

9. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
12. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
13. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
14. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.
2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.
3. No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.
4. Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B.

5. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
6. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
7. Applicant shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless of whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
9. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
10. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B via the OCD Fee Portal in accordance with 19.15.12.10(C)(4)(g) NMAC.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AS/dm

DATE: 4/16/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-729**

Operator: **Franklin Mountain Energy, LLC (373910)**

Central Tank Battery: **Carnival Central Tank Battery**

Central Tank Battery Location (NMPM): **Lots 2 & 3, Section 2, Township 25 South, Range 35 East**

Gas Custody Transfer Meter Location (NMPM): **Lots 2 & 3, Section 2, Township 25 South, Range 35 East**

Pools

Pool Name	Pool Code
WC-025 G-09 S253502B; LWR BONE SPRIN	98185
WC-025 G-09 S253502D; UPR WOLFCAMP	98187

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
VB 21173	E/2	Sec 2-T25S-R35E
NMNM 101608	E/2 E/2	Sec 11-T25S-R35E
Fee	W/2 E/2	Sec 11-T25S-R35E
VB 21213	W/2	Sec 2-T25S-R35E
NMNM 101608	N/2 NW/4, SW/4 SW/4	Sec 11-T25S-R35E
Fee	S/2 NW/4, N/2 SW/4, SE/4 SW/4	Sec 11-T25S-R35E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-47492	County Fair Fed Com #602H	D-02-25S-35E	98185	
30-025-47493	County Fair Fed Com #701H	D-02-25S-35E	98187	
30-025-47662	Blue Ribbon Fed Com #702H	C-02-25S-35E	98187	
30-025-47663	Blue Ribbon Fed Com #703H	C-02-25S-35E	98187	
30-025-46505	Parade State Com #603H	B-02-25S-35E	98185	
30-025-46506	Parade State Com #704H	B-02-25S-35E	98187	
30-025-47889	Beauty Queen Fed Com #604H	A-01-25S-35E	98185	
30-025-47890	Beauty Queen Fed Com #705H	A-02-25S-35E	98187	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **PLC-729**

Operator: **Franklin Mountain Energy, LLC (373910)**

Pooled Areas

Pooled Area	Location (NMPM)		Acres	Pooled Area ID
CA BS BLM	E/2 E/2	Sec 2-T25S-R35E Sec 11-T25S-R35E	641.66	A
CA WC BLM	E/2 E/2 E/2 E/2	Sec 2-T25S-R35E Sec 11-T25S-R35E	320.81	B
CA WC BLM	E/2 W/2 E/2 W/2	Sec 2-T25S-R35E Sec 11-T25S-R35E	320.87	C
CA BS BLM	W/2 W/2	Sec 2-T25S-R35E Sec 11-T25S-R35E	641.78	D
CA WC BLM	W/2 W/2 W/2 W/2	Sec 2-T25S-R35E Sec 11-T25S-R35E	320.91	E
CA BS SLO	W/2 E/2 W/2 E/2	Sec 2-T25S-R35E Sec 11-T25S-R35E	320.85	F
CA WC SLO	W/2 E/2 W/2 E/2	Sec 2-T25S-R35E Sec 11-T25S-R35E	320.85	G

Leases Comprising Pooled Areas

Lease	Location (NMPM)		Acres	Pooled Area ID
VB 21173	E/2	Sec 2-T25S-R35E	321.66	A
NMNM 101608	E/2 E/2	Sec 11-T25S-R35E	160	A
Fee	W/2 E/2	Sec 11-T25S-R35E	160	A
VB 21173	E/2 E/2	Sec 2-T25S-R35E	160.81	B
NMNM 101608	E/2 E/2	Sec 11-T25S-R35E	160	B
VB 21173	E/2 W/2	Sec 2-T25S-R35E	160.87	C
NMNM 101608	NE/4 NW/4	Sec 11-T25S-R35E	40	C
Fee	SE/4 NW/4, E/2 SW/4	Sec 11-T25S-R35E	120	C
VB 21213	W/2	Sec 2-T25S-R35E	321.78	D
NMNM 101608	N/2 NW/4, SW/4 SW/4	Sec 11-T25S-R35E	120	D
Fee	S/2 NW/4, N/2 SW/4, SE/4 SW/4	Sec 11-T25S-R35E	200	D
VB 21213	Lot 4, SW/4 NW/4, W/2 SW/4	Sec 2-T25S-R35E	160.91	E
NMNM 101608	NW/4 NW/4, SW/4 SW/4	Sec 11-T25S-R35E	80	E
Fee	SW/4 NW/4, NW/4 SW/4	Sec 11-T25S-R35E	80	E
VB 21173	Lot 2, SW/4 NE/4, W/2 SE/4	Sec 2-T25S-R35E	160.85	F
Fee	W/2 E/2	Sec 11-T25S-R35E	160	F
VB 21173	Lot 2, SW/4 NE/4, W/2 SE/4	Sec 2-T25S-R35E	160.85	G
Fee	W/2 E/2	Sec 11-T25S-R35E	160	G

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 14308

CONDITIONS OF APPROVAL

Operator: FRANKLIN MOUNTAIN ENERGY LLC Suite 1000 Denver, CO80206		44 Cook Street	OGRID: 373910	Action Number: 14308	Action Type: C-107B
OCD Reviewer	Condition				
dmccleure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.				